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CITY OF CORAL GABLES, FLORIDA

Internal Audit of Waste Management Billing

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Mayor and City
Commissioners

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EXECUTIVE SUMMARY

Overview

Crowe LLP (“Crowe” or “we”) performed internal audit procedures in June 2018 related to The City of Coral Gables’ Waste Division. The objectives of the audit was to look into allegations over “fake service addresses” on customer bills.

Summary of Results

The following is a summary of our observation as a result of our procedures. We listed the opportunity for improvement and corresponding risk rating. Additional information can be found on page 5 of this report.

Process	Observation #	Audit Finding	Risk Rating**
Waste Billings	1	No update/review of delinquent folios.	Moderate

**For explanation of *Risk Rating* determination, refer to page 3.

INTRODUCTION

Background

The City of Coral Gables entered into an agreement with Waste Management Inc. of Florida for collections of Solid Waste and Recyclable Materials on December 30, 2010. All billings are done by the third party vendor. In case of a delinquent account, Waste Management Inc. will forward the balance to the City of Coral Gables for collection.

Scope

The scope of this audit included the following:

- Review of the controls over Waste Management with concentration on the following:
 - Billing Process
 - Walkthrough of payment procedures
- Examination of Waste Management billing list and investigation of customer listing for unusual characteristic such as non-existing addresses and unusual name parameters.

RISK MANAGEMENT

Risk Management

Risks are evaluated based on its “significance” to management’s strategy and its “likelihood” to occur. This will result in a risk profile of the highest risks to the organization as presented below:



PROCEDURES PERFORMED

PROCEDURES PERFORMED	RESULTS
<p>1) Perform interviews and walkthroughs with the individual in charge of processing Waste Billings.</p>	<p>Crowe performed interviews and discussions over the course of the audit with the City.</p> <p>Our understanding of policies and procedures were reviewed and tested throughout all aspects of the audit.</p> <p>During our audit procedures and walkthroughs we determined that there were gaps in the folio review process during the billing processing.</p> <p>See opportunity for improvement #1.</p>
<p>2) Obtain list of customers that the city bills for waste management and select customer accounts and compare to county records.</p>	<p>Crowe obtained the most up to date listing of all customers the city bills for Waste Management.</p> <p>Crowe selected twenty-five customers and determined if the customer existed based on available county records.</p> <p>The parameters used were common and unusual customer names and addresses that appeared incomplete.</p> <p>See opportunity for improvement #1.</p>

OBSERVATIONS AND RECOMMENDATIONS

1. **OPPORTUNITY FOR IMPROVEMENT 1 – There are no reviews over the current delinquent folios:** MODERATE RISK

Crowe obtained a listing of every waste billing customer that the City bills. From the listing, Crowe selected twenty-five out of 262 customers to determine if the customers existed. Crowe was able to find records of each customer on the Miami-Dade Property Appraiser's website, providing Crowe with support that the customer address existed.

During our audit procedures, we searched the Miami Dade Property Appraiser's portal for the selected property addresses by the folio number for the property. Certain folio numbers appeared on the Miami Dade Property Appraiser's portal as a cancelled folio in the County's records. Miami-Dade County assigns a folio number to each property. The folio number (also known as a parcel number) is a unique number to represent a property. A "cancelled folio" in this report represents a folio number that is no longer active in Miami-Dade County. This can happen when a property undergoes a change, requiring the folio number to change. For example, a duplex can be converted into a single family residence.

Out of the twenty-five selections tested there were three instances that included cancelled folios. These folios were never updated to reflect the new updated folios and address. Crowe verified that the cancelled folios were not fictitious addresses and was able to locate their new folios and current billing address on the Miami-Dade Property Appraiser's website.

Recommendation: When a new, first time Waste Billing Customer is added to the City's UB Billing module, there should be a level of review to ensure that all customer names and addresses are accurate. If the City is unable to locate a record for a customer, the City should request the customer billing records from Waste Management to determine that the correct folio number is used for billing purposes.

Management Response / Action Plan: The City has verified and corrected all existing folios related to Waste Management. Going forward, the City will implement a process whereby all billable accounts for Waste Management will be validated against County records prior to being entered or created in the City's Billing System. This will ensure that the correct customer information is properly recorded in our Billing System.