

## LANDFILL AUDIT

---

### EXECUTIVE SUMMARY

The City Auditor's Office issued the Landfill Audit Report to Administration on March 2, 2017. The report includes Administration's response to seven recommendations raised by the City Auditor's Office to further enhance landfill processes. Administration accepted all recommendations and has committed to the implementation of action plans no later than July 1, 2018. The City Auditor's Office will track the implementation of these commitments as part of our on-going follow-up process.

### RECOMMENDATIONS

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

### RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 MARCH 16:

That Council receive this report for information.

### PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2016 Annual Audit Plan was approved on December 10, 2015. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

### BACKGROUND

This audit was undertaken as part of the approved City Auditor's Office 2016 Annual Audit Plan. The objective of this audit was to determine the extent to which waste material transactions (assessment and recording of materials, payment for transaction) at landfills are accurate, complete and monitored. We reviewed controls related to landfill systems and processes that support effective processing of waste material transactions.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

Disposal & Processing Services (DPS), a division within the Waste & Recycling Services (WRS) Business Unit, manages the operations of the City's three active landfills. Landfill operations are self-supported, and the annual revenue generated from tipping fees (\$27 million in 2016) contribute significantly to meeting operating and capital requirements.

Based on the audit procedures completed, landfill processes and associated controls are generally effective to ensure that transactions are accurate, complete, and monitored. DPS have implemented processes that are designed to ensure that vehicles are inspected, and their weight recorded, on entry to the landfill, with associated payment made as required. Key data is entered for each transaction, and processes have been established to process payments received and follow up on payments owed.

However, our audit work identified that supporting IT systems and adherence to internal procedures require improvement to mitigate the risk of inaccurate or inappropriate transactions.

## LANDFILL AUDIT

---

We also identified opportunities to improve the efficiency and effectiveness of the operation of landfill processes.

Seven recommendations were raised to further enhance DPS's operations to maximize the efficiency and effectiveness of landfill processes during this challenging business and economic climate. These recommendations included mitigating scalehouse IT system gaps and ensuring functionality improvement opportunities are pursued; adequately resourcing, optimizing and measuring the Designated Materials Inspection Program; and streamlining the industrial waste transaction process to improve efficiency.

### Stakeholder Engagement, Research and Communication

This audit was conducted with Waste & Recycling Services' Disposal & Processing Services division acting as the principal audit contact within Administration.

### Strategic Alignment

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

**Social, Environmental, Economic (External)**  
N/A

**Financial Capacity**  
**Current and Future Operating Budget:**  
N/A

**Current and Future Capital Budget:**  
N/A

### Risk Assessment

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure.

Tipping fees represent approximately 88% of revenue for DPS and there are over 500,000 waste material transactions completed at the City's landfills annually. The audit focused on controls supporting the waste transaction process, including the IT system used at landfill scalehouses. Enhancing landfill transaction controls and IT system functionality will support efforts to improve efficiency and ensure transactions are accurate, complete and monitored.

### REASONS FOR RECOMMENDATIONS:

Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual Audit Report and forwards these to Council for information."

**ATTACHMENT**  
AC2017-0251 LANDFILL AUDIT