



Environmental Services Solid Waste Lien Audit A2019-04

Issued by the
Internal Audit Office
April 25, 2019

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Environmental Services Solid Waste Lien Process. Based on the results of the audit, one finding was identified. The finding is considered regular in nature.

Listed below is a summary of the finding identified in this report:

1. The Environmental Services Department (ESD) Standard Operating Procedures currently do not include specific procedures regarding the following:
 - Data entry to the Accela database regarding Solid Waste Liens.
 - Obtaining a Writ of Entry to abate a property.
 - ESD does not have a documented flow chart that details the complete Solid Waste Lien process.

For a detailed explanation of the finding, please refer to the body of this Audit Report.

BACKGROUND

The Environmental Services Department (ESD) is committed to providing a clean, safe, healthy, and beautiful environment for all El Paso residents to enjoy.

ESD is responsible for providing a wide range of services to the residents of El Paso. They include: garbage and curbside recycling collections, landfill operations, air quality monitoring, vector control, and code compliance enforcement among other services to help keep our community clean and beautiful.

The Environmental Nuisance Division of Code Compliance proactively responds to concerns received directly from citizens or the 311 City Information Line. The division is composed of four teams subdivided by districts. Concerns include Code Violations such as grass, weeds or uncultivated plants allowed to become overgrown. Property owners in violation of the Code are provided notices to abate the violation within a certain time or the City will abate the violation. If the City abates the violation, the cost of abatement and all reasonable expenses will be invoiced to the property owner. Should the property owner fail to pay the abatement costs and reasonable expenses within the time allowed, the City will attach a lien to the property and have it recorded at the County Clerk's Office. Per (El Paso Municipal Code 9.04.880) – City Abatement.

During our review of data provided by the City's collection agency, Delgado Acosta Spencer Lienbarger & Perez LLC., we determined the status of ESD's outstanding Solid Waste and Demolition Liens as of March 11, 2019:

- Total Solid Waste and Demolition Lien amounts due to the City of El Paso \$577,696.30.
- Total number of Solid Waste and Demolition Liens outstanding is 1,253.
- Total number of individual property owners that have a Solid Waste or Demolition Lien is 662.
- Average number of Solid Waste and Demolition Liens per individual property owner is 1.89.
- Average age of the Solid Waste and Demolition Lien receivables is 4.47 years.
- The oldest Solid Waste and Demolition Lien listed being 48.42 years old.

AUDIT OBJECTIVES

The objective of this audit was to assess the following:

- Environmental Service's Solid Waste Lien Policies and Procedures.
- The flow of the Solid Waste Lien processes.
- Communication process between the City and the property owner regarding Solid Waste Liens.
- The monitoring and follow-up process for Solid Waste Liens.
- Process of removing the Solid Waste Lien once payment is made.

AUDIT SCOPE

The audit period covered the operations of Fiscal Years 2018 – 2019.

AUDIT METHODOLOGY

In order to achieve the audit objectives, we:

- Conducted interviews with the ESD Management and staff,
- Obtained an understanding of the ESD's Policies and Procedures, laws and regulations regarding Solid Waste Liens.
- Obtained data regarding ESD's outstanding Solid Waste and Demolition Liens,
- Determined if ESD has a documented process map describing the function of each department involved in the Solid Waste Lien process,
- Determined if ESD has procedures in place to pursue collection of abatement fees,
- Determined if ESD/Code Compliance has Policies and Procedures in place regarding the recording and maintenance of support documentation for Solid Waste Liens,
- Determined if ESD has a documented methodology for calculating the Solid Waste Lien amount due to the City,
- Determined if ESD has documented Policies and Procedures regarding communications with the property owner,
- Determined if ESD conducts any type of follow-up with property owners on outstanding Solid Waste Liens,
- Determined if ESD communicates to the property owner the procedure for removing the Solid Waste Lien from the property,

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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.

**REGULAR FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES**

The definition of a "Significant Finding" is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a "Regular Finding".

Finding 1

Policies and Procedures

City of El Paso Strategic Plan:

- Goal 6.3; *Implement programs that reduce organizational risk.*
- Goal 6.4; *Implement leading-edge practices for achieving quality performance excellence.*
- Goal 6.13; *Maintain systems integrity, compliance, and business continuity.*

A strong system of internal controls requires that Policies and Procedures be developed that document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.

In reviewing the ESD's Standard Operating Procedures, the Internal Audit Office identified the following:

1. Current ESD Standard Operating Procedures does not specifically include procedures related to the following:
 - Accela database entries regarding Solid Waste Liens.
 - Obtaining a Writ of Entry. The legal permission to enter a property for abatement.
 - ESD does not have a documented flow chart that details the complete Solid Waste Lien process to include the other City departments involved.

Recommendation

1. ESD should ensure the following Standard Operating Procedures specific to departmental operations are documented:
 - Accela database entries regarding Solid Waste Liens,
 - Obtaining a Writ of Entry for property abatement.
2. ESD should develop, document and distribute a flow chart to help City departments involved understand the Solid Waste Lien Process.

Management's Response

Environmental Services will ensure that the proper Accela entry procedures are documented in the annual SOP update that will be completed in December 2019; ESD will also make sure the Writ of Entry procedures are created under the Clean El Paso division to ensure the proper procedures are followed when interacting with the court and judges.

ESD will work to develop a high level Flow Cart for dissemination that will aid in understanding the Lien Process and how it flows through the various City Departments.

Responsible Party

Forrest Clancy- Administrative Services Manager

Implementation Date

1/1/2020

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit, which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the Environmental Services Solid Waste Lien Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether ESD met the objectives of this audit. Based on our audit work, we have determined that:

1. ESD did meet the audit objectives in the following areas:
 - ESD does communicate effectively with property owners.
 - ESD does monitor the Solid Waste Lien process.
 - ESD does have a documented process for the release of Solid Waste Liens.
2. ESD did not meet the audit objectives in the following areas:
 - ESD Standard Operating Procedures currently do not include specific procedures for Solid Waste Lien data entries into the Accela Database or for obtaining a Writ of Entry for property abatement.
 - ESD did not have a documented Flow Chart detailing the functions of each City Department in the Solid Waste Lien process.

We wish to thank ESD management and staff for their assistance and numerous courtesies extended during the completion of this audit.

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