



AUDIT HIGHLIGHTS

REPORT # 2024-06

SOLID WASTE MANAGEMENT DEPARTMENT (SWM) CART INVENTORY MANAGEMENT PERFORMANCE AUDIT



OBJECTIVES

The primary objectives of the audit were to:

- Assess the processes and procedures in place to determine the appropriate levels of waste and recycling cart inventory.
- Assess SWM's management of funds related to cart leasing.

BACKGROUND

SWM is responsible for comprehensive collection, disposal and environment services to approximately 80,000 residential customers. Operating out of four warehouses, SWM maintains a fleet of vehicles to collect waste and recycling. SWM purchases waste and recycling carts for rental to residential customers. Cart lease fees are billed by Houston Public Works and appear on City of Houston water bill invoices.

Chris Hollins
City Controller

Courtney Smith
City Auditor

AUDIT RESULTS

7 FINDINGS

- Comprehensive policies and procedures are not current.
- Lack of sufficient cart management processes.
- Lack of comprehensive warehouse management processes.
- No documented cross-departmental coordination.
- No documented evidence of a formal monthly review or analysis of revenue received.
- No cost benefit analysis data to support cart return and repair decision rationale.
- Cart inventory not strategically allocated between warehouses.

7 RECOMMENDATIONS

Our report included the following recommendations to SWM management:

- Review and update the Standard Operating Manual (SOP) to reflect the current operating environment;
- Implement a process to routinely reconcile cart activity;
- Develop and document procedures for warehouse inventory management for inclusion in the SOP;
- Work with Houston Public Works to formally define activities to be performed to ensure satisfactory completion of services;
- Request and review information related to the invoicing process to enhance reconciliation and monitoring;
- Consider periodically performing a cost benefit analysis to compare cart repairs and cart replacements; and
- Periodically evaluate warehouse cart delivery locations.