

Environmental Compliance Department

Internal Audit Report
February 13, 2020



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EXECUTIVE SUMMARY

Why We Did This Audit

The objective of this audit was to determine whether the Environmental Compliance Department is operating effectively, efficiently and in accordance with environment laws and regulations and in-house policies and procedures.

This audit was included in the 2019-2020 Annual Audit Plan.

Observations and Conclusion

Audit Results at a Glance			
	Risk/Impact Rating		
Results and Observations	Significant	Moderate	Minor
IA - Internal Audit or M - Management	-	IA -1	IA - 1
D - Deficiency or O - Opportunity	-	D - 1	D - 1

Overall, the district's Environmental activities are in compliance with the environmental rules and regulations and SOPs.

Results and Recommendations

Environmental Compliance staff provided requested documents in a prompt manner. Environmental activities are in compliance and services are conducted efficiently as we noted that:

- Environmental related rules and regulations are followed by the department;

- Environmental SOPs are established and maintained properly;
- Corrective actions of non-compliance were in a timely manner;
- Staff always accompany with the vendor during hazardous and universal wastes pick up, and reasonable checks picked up items to confirm invoices;
- Wastes are picked up in a timely manner and according to rules and regulations;
- Environmental staff is knowledgeable of environmental related rules and regulations;
- Staff save district money by scheduling pick up waste efficiently, and staff pick up biomedical waste from different schools and bring wastes to Ft. Gatlin from where vendor picks up monthly;
- Environmental related documents are maintained and retained properly; and,
- Awareness programs and trainings related to environmental are effective and adequate.

We noted two recycling rebate checks that were underpaid by a total of \$642.62 and delays of 14 to 41 days in remitting rebate checks \$47,000 to the Finance department.

This report has been discussed with management and they have prepared their response which follows.

DEFINITIONS:

Risk / Impact Ratings

Minor	Low risk with a financial impact of less than one percent and/or an isolated occurrence limited to local processes (low impact and low likelihood)
Moderate	Slight to moderate risk with a financial impact between one and five percent and/or a noticeable issue that may extend beyond local processes (low impact and high likelihood or high impact and low likelihood)
Significant	High risk with a financial impact greater than five percent and/or a significant issue that occurs in multiple processes (high impact and high likelihood)

Observations Categories

Deficiency	A shortcoming in controls or processes that reduces the likelihood of achieving goals related to operations, reporting and compliance
Opportunity	A process that falls short of best practices or does not result in optimal productivity or use of resources

Criteria for Observations Sourced to Management

- Internal audit was informed of the issue prior to starting detailed testing
- Management identified, evaluated, and communicated the issue to appropriate levels of the district
- Management has begun corrective action with clear, actionable plans and targeted completion dates

None of the observations resulting from this audit were sourced to management.

We noted two deficiencies in receiving recycling rebate checks and delay in remitting rebate checks to the Finance with moderate risk.

BACKGROUND:

The Orange County Public Schools (OCPS) Environmental Compliance division is located at Summerlin Avenue. The Director of Environmental Compliance oversees the division, supported by seven staff members.

Environmental Compliance executes its operations based on its department Standards of Operations (SOPs) and the rules and regulations of agencies such as:

- FDEP - Florida Department of Environmental Protection
- OCEPD - Orange County Environmental Protection Division
- EPA - Environmental Protection Agency
- OSHA - Occupation Safety and Health Administration
- AHERA - Asbestos Hazardous Emergency Response Act
- ASHARA - Asbestos School Hazard Abatement Reauthorization Act
- RCRA - Resource Conservation and Recovery Act
- NESHAP - National Emissions Standards for Hazardous Air Pollutants
- HUD - Housing and Urban Development

Below are the different environmental activities managed and monitored by the department.

- Universal and Hazardous Waste pickup – examples, florescent lights and bulbs, lamps, batteries, ballasts, mercury containing devices, pesticides, chemicals, aerosol cans, E-waste, unused oil, latex paints, and petroleum waste.
- Biomedical Waste pickup – examples, sharps containers and red bags from school clinics.
- Recycling and Solid Waste pickup – examples, flattened cardboards and paper boards, clean papers, plastic bottles and jugs, glass bottles and jars, cans, metal, roll-off services, and regular garbage.
- Sustainability – examples, green schools recognition, food waste recycling, reuse, waste reduction, and recycling rebate programs.
- Asbestos – examples, a periodic surveillance of known or suspected asbestos-containing building materials, 6 month inspections with

Environmental Compliance deals with a multitude of rules and regulations,

Environmental activities include:

- *Hazardous and Universal Waste pick up*
- *Biomedical waste pick up*
- *Recycling and Solid Waste pick up*
- *Asbestos inspection*
- *Indoor Air Quality maintenance*
- *Petroleum Storage Tanks inspection*
- *Lead Based Paint inspection*
- *Lead in Drinking Water monitoring*
- *Spills reporting*

active asbestos management plans and, maintain and monitor 3 years asbestos inspection activities and reports submitted by vendor.

- Petroleum Storage Tanks - examples, maintain and monitor monthly tank inspection activities and reports submitted by vendor.
- Indoor Air Quality (IAQ) inspection – Respond to concerns of poor indoor air quality such as water intrusion, dusty class or desk, high humidity in class or at workplace.
- Lead Based Paint inspection – Monitor and perform periodic inspections of schools’ paint.
- Lead in Drinking Water – Review municipal water quality reports, maintain and monitor lead in drinking water activities and reports submitted by vendor
- Spills – Response of spills, report to regulatory agencies, and prevent spills.

OBJECTIVES, SCOPE AND METHODOLOGY:

Objectives

The objective of this audit was to determine whether the Environmental Compliance Department is operating effectively, efficiently and in accordance with environment laws and regulations and departmental policies and procedures.

Scope

The scope of the audit included environmental activities from July 1, 2018 to October 31, 2019.

Methodology

Out audit methodology included:

- Reviewing environmental rules and regulations and the Environmental Compliance Department’s Standard of Procedures (SOPs), and verifying environmental compliance;
- Reviewing information on OCPS internet, department’s intranet, collaboration site, and department’s server;

We evaluated compliance with applicable rules and regulations and policies and procedures.

We reviewed several documents such as pick up request form, pick up schedules, pick up logs, manifests, disposal certifications, inspection reports, communications, department scorecard, contracts, invoices, and rebates.

- Interviewing and discussing with the Environmental Compliance Department's Director and staff;
- Analyzing various environmental areas with risk ratings and selecting areas with high or moderate risks for audit testing;
- Reviewing various departmental forms and documents such as pick-up request form, pick-up schedules, manifest, straight bill of lading, pick-up logs, disposal certifications, communications with Florida Department of Environmental Protection (FDEP) and department's scorecard;
- Reviewing various inspection and survey reports submitted by environmental staff and third parties;
- Observing pick up procedures and asbestos inspection at selected OCPS locations and schools;
- Reviewing contracts and, verifying invoices and rebate checks; and,
- Verifying payments in SAP- ZF032 Vendors' Payments and rebates in SAP- General Ledger - Revenue.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to provide reasonable assurance regarding the audit objective. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. We also offer suggestions to improve controls or operational efficiency and effectiveness.

COMMENDATIONS:

Environmental activities we tested are in compliance and services are conducted efficiently as we noted that:

We observed Universal Waste pick up procedures, Biomedical Waste pickup procedures, and Asbestos 6 months inspection.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

- Environmental related rules and regulations are followed by the department;
- Environmental SOPs are established and maintained properly;
- Corrective actions of non-compliance were in a timely manner;
- Staff always accompany the vendor during hazardous and universal wastes pick up, and performs reasonableness checks of picked up items to confirm invoices.
- Wastes are picked up in a timely manner and according to rules and regulations;
- Environmental staff is knowledgeable of environmental related rules and regulations;
- Staff save district money by scheduling pick up waste efficiently, and staff pick up biomedical waste from different schools and bring wastes to a central point from where the vendor picks up monthly;
- Environmental related documents are maintained and retained properly; and,
- Awareness programs and trainings related to environmental matters are effective and sufficient.

Environmental activities we tested were found to be in compliance with the rules and regulation, and environmental services are conducted efficiently.

AUDIT RESULTS AND RECOMMENDATIONS:

1) Waste Management underpaid \$642.62 rebates for recycling. *Minor risk*

Best Practice: Reviewing invoice, recalculating rebates, and confirming issued rebates prevent underpaid.

Audit Result: Waste Management paid the district quarterly rebates based on recycling loads, contamination level, and types of schools. We noted that Waste Management underpaid its rebates to the district in the total amount of \$642.62 for the third quarter of 2018 and second quarter of 2019. We expanded our sample to include January, 2018 to June, 2018 and reviewed those rebate payments. No exceptions were noted in expanded sample. The total of rebate payments we tested was \$62,920.43 from January, 2018 to June, 2019 and the underpaid amount of \$642.62 is 1% of that amount as compared to 4.7% of the total rebates

Waste Management underpaid rebates to the district in the amount of \$642.62.

originally tested of \$13,761.67 for just the third quarter of 2018 and second quarter of 2019 recycling. Staff has requested these underpaid rebates from Waste Management.

Recommendation: When reviewing invoices, recalculate rebates, and confirm Waste Management recycling rebate amounts.

2) Delays in forwarding Waste Management rebate checks to the Finance department. *Moderate risk*

Best Practice: All original checks must be remitted to the Finance department within 24-48 hours of receipt.

Audit Result: We noted delays of 14 to 41 days in the department's remittance of Waste Management rebate checks to the Finance Department. Rebate checks total \$47,000 for the selected audit period July, 2018 to June, 2019 were remitted to the Finance department 14 to 41 days after the check date.

Recommendation: Forward rebate checks to the Finance department within 24-48 hours of receipt as required by the Finance Department.

We wish to thank the Environmental Compliance Department staff for their cooperation and assistance with this audit.

Delays of 14 to 41 days were noted in the department's remittance of \$47,000 of rebate checks to the Finance department.



Department / School Name	Environmental Compliance
Administrator / Department Head	Jennifer Fowler
Cabinet Official / Area Superintendent	Roberto Pacheco

Audit Result / Recommendation	Management Response Acknowledgement/ Agreement of Condition	Responsible Person (Name & Title) And Target Completion Date (MM/YYYY)	Management's Action Plan
When reviewing invoices, recalculate rebates, and confirm Waste Management recycling rebate amounts.	Environmental Compliance verified rebate error and Waste Management has issued the corrected amount.	Jennifer Fowler 4/14/2020	Environmental Compliance has updated the Standard Operating Procedure RSW-6 to include rebate verification.
Forward rebate checks to the Finance department within 24-48 hours of receipt as required by the Finance Department.	Current practices have been for the Waste Management account manager to hand deliver rebate checks during quarterly meetings with the Sustainability Office. Upon receipt of the rebate check the department did not stamp a received date to accurately reflect the actual date the check was received.	Jennifer Fowler 4/14/2020	Environmental Compliance has requested Waste Management to mail rebate checks. Environmental Compliance has updated the Standard Operating Procedure RSW-6 to include dating check received date and delivery to Accounts Receivable.