



**COUNTY AUDIT**

**DEPARTMENT**

**REPORT # 428**

**August 29, 2024**

LEACHATE DISPOSAL –  
CONTRACT MANAGEMENT &  
COMPLIANCE



*Cindy Stuart*  
CLERK OF COURT & COMPTROLLER  
HILLSBOROUGH COUNTY

The Honorable Ken Hagan, Chair  
The Honorable Donna Cameron Cepeda  
The Honorable Harry Cohen  
The Honorable Pat Kemp  
The Honorable Gwen Myers  
The Honorable Joshua Wostal  
The Honorable Christine Miller

August 29, 2024

Dear Commissioners:

The Audit Team performed an audit of the Leachate Disposal - Contract Management/Compliance management of outsourced services (**Audit Report #428, dated August 29, 2024**). Responses to the Audit Team's recommendations were received from the Solid Waste Department. These management responses have been included in this Report.

The purpose of this Report is to furnish management with an independent, objective analysis, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

*Heidi Pinner*

Heidi Pinner, CIA CISA CFE CRMA  
Chief Audit Executive, Clerk of Court & Comptroller

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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION

On June 17, 2020, three year contracts were awarded to six vendors (Haulers) for ongoing and as needed disposal and transportation of leachate and effluent from open landfills to non-Hillsborough County owned disposal (primary) sites, or designated County-owned (contingency) sites for the Solid Waste Management Department (Department) at a total estimated cost of \$29,579,708.34. The following vendors were selected to perform the hauling service:

- Aqua Clean Environmental Company, Inc.
- Delta Pioneer, Inc.
- Manny's Bulk Express, Inc.
- NRC Gulf Environmental Services, Inc. (f/k/a Progressive Environmental Services, Inc.)
- Merrell Bros., Inc.
- Revinu Inc.

On December 20, 2020, a three year contract was also awarded to Universal Environmental Solutions, LLC for the processing and disposal of landfill leachate generated at the Southeast County Landfill Facility (20562) at a cost of \$1,014,000.00.

Department staff are responsible for monitoring the contract expenditures and hauler performance including reconciling independent records with the invoices provided from the Haulers to ensure billing is accurate prior to processing payments. The haulers submit monthly invoices for reimbursement.

### OBJECTIVE

The objective of the audit was to determine whether or not controls are in place to ensure that the multiple vendors awarded agreements under the ITB number 20133,1 for the pumping, transporting and & disposing of leachate are in compliance with their respective agreements to include accurate billing, proper deliverables and acceptable services rendered.

### SCOPE

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. These Standards require that the County Audit department plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

Audit testing included the period of from July 4, 2022 through April, 19 2023.

**OVERALL EVALUATION**

The Audit Team conducted interviews, reviewed vendor contracts, invoices, and samples of supporting documents to evaluate the Leachate Disposal process and contract management controls in place.

**PROCESS STRENGTHS AND SUCCESSES**

- Multiple vendors are contracted with the County to prevent any lapse of service.
- The Department utilizes a tracking spreadsheet to record the daily quantity of leachate disposed of by the individual haulers in order to reconcile against invoices received.
- Environmental monitoring and proactive alarms are installed to alert County staff if a site is nearing the maximum allowable level of leachate.
- Automatic meters are built into the tanks to ensure the appropriate number of gallons pumped can be calculated.

**CONTROL IMPROVEMENT OPPORTUNITIES/RISKS**

- Standard procedures should be implemented to improve staff training for reviewing, approving and processing invoice payments.
- Contract management and tracking could be enhanced.
- Opportunities exist to strengthen controls related to contract compliance and ensuring proper documentation is used and maintained.
- Timeliness of payments to vendors should be improved.
- The Leachate Hauling-Disposal Reporting Form is not consistently utilized as required in the contract between the Haulers and the County.
- Departmental procedures related to the handling, calculating and disposal of leachate should be in compliance with contract terms, including signing in and out while on site, taking vehicle weights when leachate flow meters are broken and only using appropriate, County approved forms.
- Cross training of department staff can help to ensure that invoice processing is not impaired and is done properly in the occurrence of turnover.

Full testing results are included on page 5 of this Report.

**OPINION**

Control Maturity Levels



The overall control environment relative to the processes and procedures for managing the compliance with leachate contracts was at a repeatable maturity level. This means that the controls have not been fully implemented, formal policies and procedures are not well established but there is a general awareness of how processes operate, but additional training should take place. There are opportunities to better enhance the internal controls around the management of the leachate contracts to better monitor and ensure compliance with agreed upon contract terms and conditions.

Throughout the audit, there were instances where corrective actions were actively being taken by department staff as observations were made by the Audit Team. These corrective actions assisted to resolve instances where procedures were no longer being used and therefore no longer applicable to departmental operations. Based on the changes made by management as the audit was taking place and recommendations completed, this would move the department’s processes and procedures to either the formal or managed control maturity level.

An exit conference was held on July 3, 2024.

**AUDITED BY**

- Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive
- Margaret Brown, CIA, Audit Manager (Retired)
- Matthew Demler, CIA, Audit Manager
- Lovonia Scott, CGAP, Internal Auditor

**AUDIT COMMENT 1: LEACHATE DISPOSAL INVOICE TESTING**

**16**  
**INVOICES**  
**REVIEWED**

**9**  
**TYPES OF**  
**EXCEPTIONS**  
**IDENTIFIED**

**OPPORTUNITIES**

**CONTRACT TERMS**  
**SHOULD BE**  
**IDENTIFIED AND**  
**COMPLIED WITH**

**STANDARD STAFF**  
**TRAINING AND**  
**PROCEDURES**  
**WOULD IMPROVE**  
**INVOICE**  
**PROCESSING**

**Payments for invoices are subject to terms and conditions outlined in contracts between the hauler and the County. Standard procedures should be used to verify invoices prior to payment.**

The objective was to determine whether or not procedures are in place to properly review invoices to confirm daily quantities billed by the vendor are complete and accurate, along with ensuring contract compliance.

**Background**

The South County Landfill (SCLF) is a Class 1 landfill, which means it can accept all waste types, excluding hazardous waste. The entire landfill has a liner that acts to seal the leachate from seeping into the ground soil. The landfill can only maintain 30 inches of leachate water at maximum capacity. Once it hits max level, the pump station is activated and begins pumping the leachate to storage tanks where the vendors load the liquid into tank trailers.

There are flow meters on each of the storage tanks, which are used to measure how much leachate is pumped into the vendor’s tank trailers. The readings are taken every day and at the end of every month. According to Section 1.10.1, Methods of Operation, of the agreement, readings must be checked for discrepancies. If the flow meter is inoperable, then the amount pumped from the tank must be calculated manually. The flow meter only measures the output and does not weigh the leachate material.

The vendor submits a leachate hauling/disposal form either weekly or daily. Department staff then enter these amounts into an Excel spreadsheet maintained for each vendor. The vendor also submits monthly invoices which are compared to information recorded in the Excel spreadsheet. Any discrepancies should be researched and resolved prior to payment.

### Test Procedure

The Audit Team reviewed the contracts with Haulers to determine what terms and conditions were outlined within these agreements. Onsite visits were also performed to observe where and how the leachate is stored and pumped off site. Specific forms and procedures are supposed to be followed to ensure compliance with contract terms and ensure accurate billing.

The County contracted with six (6) hauling vendors at the initial term of the agreements. At the time the data was run for a list of vendor payments, the report generated returned invoices for four (4) of the six (6) haulers. The data included 119 unique invoices totaling \$1,548,768.42. From this population, the Audit Team reviewed 16 invoices to determine whether or not they had been properly reviewed, approved, and paid within the terms of the agreement.

### TESTING RESULTS

Internal controls surrounding haulers pumping, transporting, & disposing of leachate were not consistently applied. The Audit Team identified the following types of exceptions:

- Facility logbook records of driver sign in/out were not maintained for all instances reviewed.
- Supporting documentation that did not include the beginning and ending flow meter readings, and/or pH level readings.
- Instances where the contract requirement to use the *Leachate Hauling-Disposal Reporting Form* was not included with backup. The hauler utilized their internal Non-Hazardous Waste Manifest form which does not include all necessary fields as outlined in the Contract.
- Supporting documentation that did not include the required measurements and readings of leachate starting and ending gallons.
- Instances where the haulers name on the invoice support did not match the records maintained by the County.
- Invoices that were submitted that did not include any supporting form indicating starting and ending meter reading, hauling driver, pH levels and total gallons removed. Only an invoice was provided by the hauler.
- Payments that were not processed within the 45 business days as required by the Prompt Payment Act.
- Supporting documentation that did not include any record of the Solid Waste Department staff independently confirming and signing off that the quantity hauled was complete and accurate.

- Consistent supporting documentation was not always sent to Solid Waste with the invoice packets provided by the hauler. The date an invoice is received and evidence of the review performed by department staff is not documented on the support.
- An invoice with support that indicated the flow meters were broken. Contract terms require that the trucks beginning and ending weight be taken to calculate the estimated gallons; however, these weights were not taken and the calculation included in the contract was not performed.
- An invoice that included a duplicate charge and another was missing support totaling \$318.80 which was paid for by the County.

## RECOMMENDATION

To improve controls and remain in compliance with contract terms, the Solid Waste Department should:

1. Review current policies and procedures for processing invoices and ensuring they remain applicable and relevant to department operations.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*In February 2024, the Solid Waste Management Department created an Accounts Payable Team. This Team now handles the processing of all Department invoices to provide consistency and additional oversight.*

*The Department is currently developing Standard Operating Procedures to ensure that invoices are not duplicated, delayed, or unpaid. All invoices are processed in a timely manner in accordance with the Prompt Payment Act and Hillsborough County Procurement Policies & Procedures.*

**TARGET COMPLETION DATE:**

*August 2024*

2. Ensure there is a procedure that can identify and prevent duplicate charges on invoices from being approved. Staff should thoroughly review support and reconcile any support with records maintained by the County.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*The Department has implemented several measures to prevent duplicate invoices.*

- *A dedicated Accounts Payable Team was implemented to centralize all procurement services which includes processing invoices. The team consists of three staff members with each member being assigned specific vendors. Staff members become more familiarized and intimate with their assigned accounts. Staff are required to review all invoices and identify duplicate charges.*
- *Invoice spreadsheets have been created for each vendor. Staff are required to search the spreadsheet for duplicate invoice numbers and duplicate dollar amounts. If a search results in duplications, a deep dive examination will ensue.*
- *With the implementation of Oracle Cloud SaaS, the Enterprise Solution and Quality Assurance Department (ESQA) has been inserted into the approval path for all requisitions and invoice approvals. ESQA reviews and validates all invoices that are submitted for payment. Their review also includes checking for duplicate invoices.*
- *The Department is currently developing Standard Operating Procedures to ensure that invoices are not overlooked, duplicated, and processed in a timely manner in accordance with the Prompt Payment Act and Hillsborough County Procurement Policies & Procedures.*

**TARGET COMPLETION DATE:**

*August 2024*

3. When applicable, ensure that facility log books are consistently completed by haulers and staff.

**CLIENT RESPONSE**

*Concur*

**CORRECTIVE ACTION PLAN**

*The leachate hauling vendors were historically required to sign the facility logbook located within the Leachate Treatment Reclamation Facility (LTRF). The LTRF was taken offline for permit required tank inspections on 11/22/2022, and the logbook was locked within the office. It has recently been decided this facility will remain closed and unstaffed due to age and future planned landfill expansion. A new enclosed mailbox has been installed at the leachate loading arm to hold the required logbook and hauling sheets. The mailbox also contains a laminated staff phone list for operational staff who are assigned to review and sign off on daily hauling sheets. Vendor*

*drivers will be required to sign in and out of the facility logbook daily. They will also be required to call a staff member to sign their completed hauling sheet at the end of the day.*

**TARGET COMPLETION DATE:**

*Completed.*

4. Ensure accurate measurements, readings, and calculations are properly documented on County approved form(s) prior to haulers leaving the site.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*Vendor drivers will be required to sign in and out of the facility logbook daily. They will also be required to call a staff member to review and initial completed hauling sheets at the end of the day. Please note – pH is not required at the current disposal location. For now, drivers will be required to enter N/A on the daily hauling sheet. The column for pH will be removed from the County hauling sheet during the next print event and contract specs will be updated during the next Procurement event.*

**TARGET COMPLETION DATE:**

*Completed.*

5. Implement one standard hauling-disposal report form to be consistently utilized for all hauling and disposal services provided by a hauler.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*The County only has one designated hauling-disposal report form for hauling and disposal services. The Non-Hazardous Waste Manifest's that were included in submitted invoices by the vendor Aqua Clean are a required FDOT form for all truck drivers transporting waste materials. It appears that Aqua Clean uses FDOT forms for their invoice processing procedures, however County Solid Waste staff use our designated hauling and disposal report forms to verify hauling data and for invoice backup.*

**TARGET COMPLETION DATE:**

*Completed.*

6. Ensure hauler signatures and necessary supporting documents are included with invoices, legible, and identifiable before submitting them for payment to ensure timely processing.

**CLIENT RESPONSE:**

*Concur/Not Concur*

**CORRECTIVE ACTION PLAN:**

*Vendor drivers will be required to call a staff member to review and initial their completed hauling sheet at the end of the day. Signatures and form requirements will be checked daily.*

**TARGET COMPLETION DATE:**

*Completed.*

7. Per contract terms, when flow meters are inoperable at the Solid Waste Site, ensure that leachate trucks are weighed upon their arrival and departure from the site to allow for the appropriate calculation to be completed, as outlined in the contract. This will ensure the number of gallons transported and reported on invoices is accurate.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*In the rare event a flow meter is non-functional, vendor drivers will be required to weigh in and out at the scalehouse in accordance with the contract.*

**TARGET COMPLETION DATE:**

*Completed.*

**AUDIT COMMENT 2: LEACHATE CONTRACT COMPLIANCE AND MONITORING**

**CONTRACT  
MONITORING**

**OPPORTUNITIES**

**CURRENT  
PROCEDURES  
ARE AD HOC**

**TRAINING  
COULD IMPROVE  
CONTRACT  
MANAGEMENT**

**Terms and conditions outlined in contracts should be understood by department staff in order to properly monitor contract compliance and remaining funds. Standard Operating Procedures would assist staff in understanding requirements.**

The objective was to determine whether or not Solid Waste has processes and procedures in place to monitor contract compliance, utilization and expiration.

**Background**

The hauler agreements contain agreed upon terms which specify quantities, prices, processing forms, procedures and other requirements both parties must adhere to. Contract managers are also identified within each agreement to assign responsibility for the review of the contract terms and vendor performance.

When a contract begins, County staff must understand and establish monitoring practices in order to ensure that requirements are being met and services are performed to County standards. This includes tracking total spend to date, verifying proper supporting forms are provided with invoices, confirming that no duplicate charges are included with invoices and ensuring that contracts do not lapse and/or funding does not run out before the end of needed services.

**Test Procedure**

The Audit Team reviewed the Solid Waste Leachate agreements and inquired with management about applicable processes and / or procedures which were in place to monitor contract terms. Documentation used by department staff for monitoring daily activity was also requested and obtained by the Audit Team for review.

Applicable requirements outlined in the contracts were identified by the Audit Team to determine whether appropriate monitoring was being performed. Contract costs and expiration dates were also noted by the Audit Team to determine whether or not a mechanism

is in place to alert staff when funds or expiration dates are approaching.

## TESTING RESULTS

Based on the testing results, the Audit Team determine that there are opportunities to improve the controls relating to the monitoring of contracts. Specifically the following was observed or communicated to the Audit Team:

- There are no formal procedures to define the appropriate process for receiving, verifying and processing invoices by the department.
- A high level of staff turnover has resulted in delayed payments, invoices not being reviewed consistently, and a lack of knowledge about previously performed tasks and procedures.
- Logs used by County staff for monitoring daily leachate transfers are not always updated with complete and accurate information.
- There is no mechanism or procedure in place within the department to alert staff that a contract is close to expiration and / or to monitor fund utilization.
- There are no procedures in place to monitor when invoices are received by the department or track how long they have been in processing prior to submission for payment.

## RECOMMENDATION

To improve controls around monitoring contracts, Solid Waste should implement the following:

1. Develop standard procedures for monitoring contracts and provide necessary training to staff to ensure compliance with processes and agreements. The department may also consider partnering with ESQA to leverage their recently developed contract manager training.

### **CLIENT RESPONSE:**

*Concur*

### **CORRECTIVE ACTION PLAN:**

*In March 2023, the Solid Waste Management Department implemented a Contracts Management Team and assumed all contract related responsibilities from the Water Resources Department. The Contracts Management Team follows the procedures detailed in the "Contracts Management Program Process and Procedures Manual" dated September 10, 2019. On a monthly basis, the Contracts Management Team hosts a meeting to discuss any contracts that are approaching or have reached the*

*30% remaining capacity threshold. The team also discusses if any applicable contracts are approaching the contractual end date or need to be extended. Based on team discussions, contract staff contact the applicable Project Manager's asking if applicable contract should be modified to add additional funding or time extension. If the answer is yes, concurrence is obtained from the applicable vendor to modify the contract and a modification is submitted to the BOCC or processed as an Administrative Award per procedures manual. All employees on the Contracts Management Team and all managers in the Solid Waste Management Department have attended the ESQA Contract Management Training. Additionally, the Department has leveraged other services offered by ESQA including, but not limited to:*

- 1. Guidance on fiscal team development & oversight;*
- 2. Reviewing, validating and approving invoices for goods and services; and,*
- 3. Reviewing, validating and approving invoices for professional & construction services.*

**TARGET COMPLETION DATE:**

*Completed.*

2. Identify key metrics in contracts in order to monitor whether or not vendors are in compliance with the agreements and ensure vendor invoicing is being performed properly.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*The Contracts Management Team sends a "Contract Progress and Review Checklist" to the Project Manager to make sure key metrics within the contract are updated and in compliance. Responses to the checklist are used to determine overall performance.*

**TARGET COMPLETION DATE:**

*Historically, the Contract Progress and Review Checklist was only completed for new contracts. Beginning April 2024, this checklist is now completed at anniversary and renewal dates.*

3. Follow up with vendors as necessary to ensure that any remedial action(s) identified by County staff are addressed in a timely manner.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*When the Contracts Management Team is notified of a vendor performance concern by a Project Manager, the Contracts Management Team coordinates discussions with the Project Manager and vendor to obtain an understanding of area(s) of concern. A meeting of all parties is held to discuss the concern(s) and address/clarify the applicable section(s) within the contract to ensure all parties agree.*

**TARGET COMPLETION DATE:**

*Completed.*

4. Perform a review of the current process for tracking contract utilization and remaining funds, along with expiration date, to determine whether or not a more robust process should be implemented to ensure no lapses in service for these and other agreements in the department.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*The Contracts Management Team meets monthly to discuss any contracts that are approaching or have reached a 30% capacity remaining. They also inquire if any applicable contract is approaching the contractual end date and needs to be extended. Based on the contract status, the team sends an email to the applicable Project Manager asking if applicable contract should be modified to add additional funding or time extension.*

**TARGET COMPLETION DATE:**

*Completed.*

5. Ensure that invoices received are dated and tracked to ensure they are processed, submitted and paid timely and in compliance with the Prompt Payment Act.

**CLIENT RESPONSE:**

*Concur*

**CORRECTIVE ACTION PLAN:**

*With the upgrade of Oracle EBS to Oracle Cloud in November of 2022, the invoicing process was streamlined. Invoices are now sent directly to the County Invoice Intake mailbox from the supplier and are uploaded into Oracle and routed to the departments, on average, within 1 business day. New Oracle functionality was implemented that utilizes Intelligent Document Recognition (IDR) to read each invoice into Oracle and populate several fields for the invoices through machine learning. This provides visibility to pending invoices more quickly and reduces manual entry previously completed by staff in Onbase. The Department has access to department specific dashboards that track the aging of the invoices as soon*

*as they are uploaded to Oracle, providing improved visibility to all staff. The dashboard includes details on how many invoices are pending action and how long they have been in the system. Currently, most invoices for Solid Waste Department are processed and sent to County Finance within 15 days of receipt in Oracle.*

**TARGET COMPLETION DATE:**

*Completed.*