

8. REPORTS TO BE RECEIVED FOR FILING:

- a. Division of Inspector General, Audit Services, Clerk of the Circuit Court and Comptroller, Report No. 2013-40 dated December 12, 2013 – Follow-Up Audit of Solid Waste Municipal Recycling Reimbursement Grants.
- b. Florida Model Jail Standards Annual Facility Inspection Report for Pinellas County Jail inspection held October 28-29, 2013.



Ken Burke, CPA


CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

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TO: The Honorable Chairman and Members
of the Board of County Commissioners

FROM:  Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

SUBJECT: Follow-Up Audit of Solid Waste Municipal
Recycling Reimbursement Grants

DATE: December 12, 2013

For your review and filing in the Official Records, I am enclosing a copy of the follow-up audit dated December 12, 2013 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
David E. Scott, P.E., Executive Director, Environment & Infrastructure (DEI)
Robert Hauser, Division Director, Solid Waste, DEI
Deb Bush, Manager, Solid Waste, DEI
Jim Bennett, County Attorney
Claretha N. Harris, Chief Deputy Director, Finance Division
Crowe Horwath





DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA**

FOLLOW-UP AUDIT OF SOLID WASTE MUNICIPAL RECYCLING REIMBURSEMENT GRANTS



**An Accredited Office of
Inspectors General**

**Hector Collazo, Jr., Director
Inspector General/Chief Audit Executive**

Audit Team
Ken Green, CIGA – Inspector General Manager
Greg McCullough, CPA, CIA, CFE, CIGA, CIGI – Inspector General Auditor II

**DECEMBER 12, 2013
REPORT NO. 2013-40**



Ken Burke, CPA

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December 12, 2013

The Honorable Chairman and Members
of the Board of County Commissioners

We have conducted a Follow-Up Audit of Solid Waste Municipal Recycling Reimbursement Grants. The objectives of our review were to determine the implementation status of our previous recommendations.

There was one recommendation in the audit report, and we have determined that it has not been implemented. Management stated that they used a national consultant to attempt to develop criteria, but they have not been successful. However, they are still evaluating alternatives. The status of the recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of the Division of Solid Waste during the course of this review. We continue to encourage management to fully implement our recommendation.

Respectfully Submitted,

Hector Collazo, Jr., Director/Inspector General
Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida



TABLE OF CONTENTS

	Page
Introduction	4
Status of Action Plan	5
Status of Recommendations	9
1. The Benefits Of The Municipal Recycling Grant Reimbursement Program Are Not Being Identified Or Measured.	9

INTRODUCTION

Scope and Methodology

We conducted a follow-up audit of Solid Waste Municipal Recycling Reimbursement Grants. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

- 1) Determine if the Solid Waste Municipal Recycling Reimbursement Grants comply with Resolution 05-59.
- 2) Determine the adequacy of internal controls on the part of the Division of Solid Waste (DSW) and the municipalities in regard to Solid Waste Municipal Recycling Reimbursement Grants.
- 3) Determine if the Solid Waste Municipal Recycling Reimbursement Grants have produced measurable benefits.

To determine the current status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our follow-up audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Standards for Offices of Inspector General*, and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of October. The original audit period was October 1, 2009 through September 30, 2010. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

We determined that the one recommendation in the report has not been implemented. We continue to encourage management to fully implement our recommendation.

Status

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	<i>The Benefits Of The Municipal Recycling Grant Reimbursement Program Are Not Being Identified Or Measured.</i>					
	Develop the appropriate statistical measurements to determine and quantify the effectiveness and the benefits of the Pinellas County Municipal Recycling Reimbursement Grant Program.				✓	

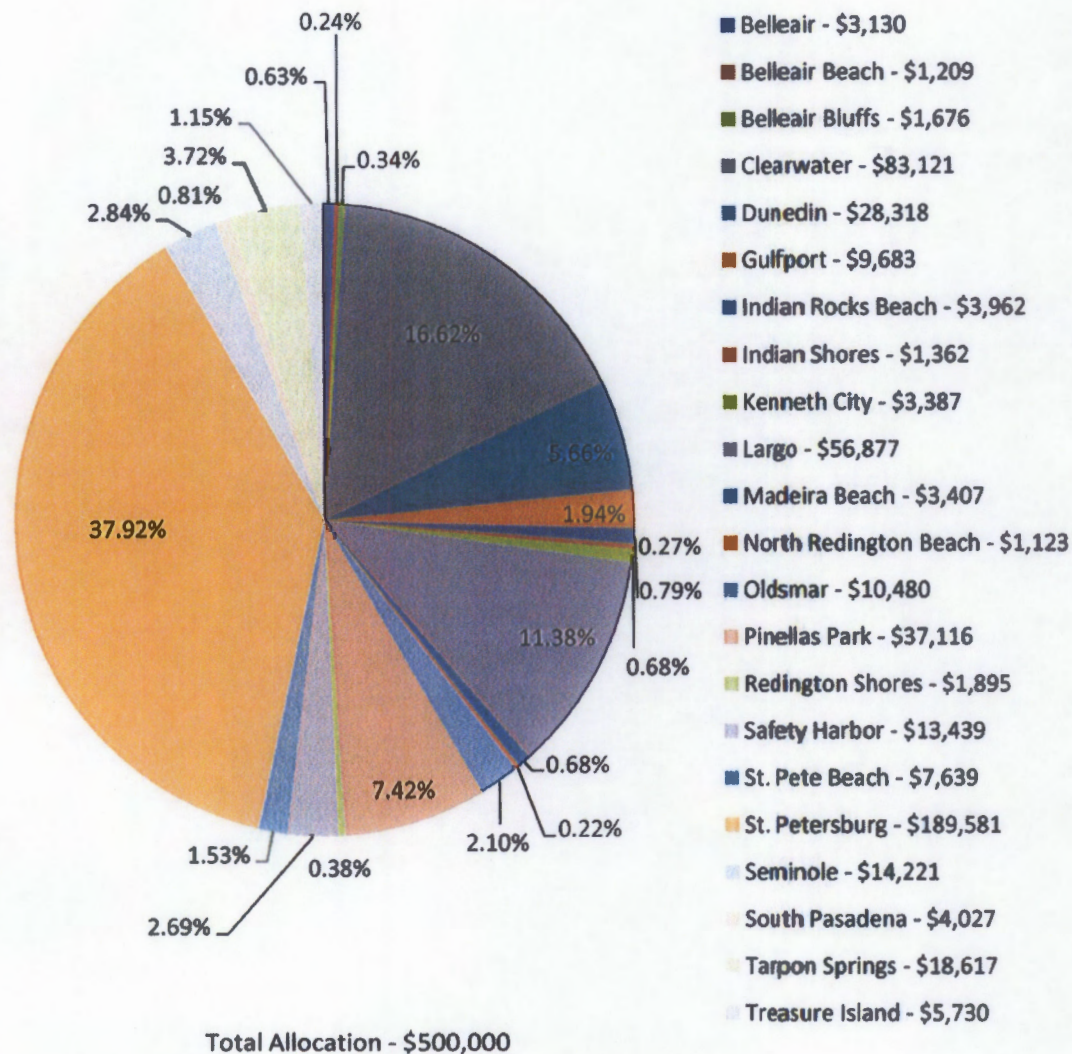
Background

The Pinellas County Municipal Recycling Reimbursement Grant Program began in 2005. Historically, state grants had provided funding on a per capita reimbursement basis to assist recycling programs at the local level. During Fiscal Year 2000/2001, state grant funding for recycling and education was phased out. At the close of Fiscal Year 2003/2004, state funding for the Waste Tire Recovery Grant was also eliminated.

In an effort to maintain and increase the success of local recycling programs, the Technical Management Committee to the DSW requested the Board of County Commissioners (BCC) to approve proportionate funding provided by DSW to support municipal recycling programs within Pinellas County. Resolution 05-59 created a Municipal Recycling Reimbursement Grant Program, which was adopted on April 5, 2005. This program provides cities the opportunity to continue and enhance their recycling programs.

The program offers cities funding in amounts comparable to previous state funding. Local allocations are based on the same per capita funding formula as the prior state funding programs. The annual amount of program funding is proposed each fiscal year in the budget presented by DSW under the line item, "Aid to Government Agencies." Upon BCC's approval of DSW's operating budget, the director of DSW employs the funding formula to determine the exact amount of each program award from the approved funds available. Each municipality is notified in writing of its allocation for the upcoming fiscal year. Should some cities decide not to participate in the program, the funding balance available to the remaining participants is proportionately increased. Participants in Fiscal Year 2009/2010 received funding as follows:

FY 2009/2010 Allocation By Municipality



Since its inception, the Grant Program has provided a total of \$2,675,893 in grant funding to cities for expenditures directly related to and supporting recycling, which include:

- Equipment for recycling facilities.
- Recycling personnel costs.
- Operation of a recycling facility or program.
- Purchase of materials made from recycled materials.
- Public education about recycling.

Follow – Up Audit of Solid Waste Municipal Recycling Reimbursement Grants



Safety Harbor Recycling truck partially funded by county Solid Waste Municipal Recycling Reimbursement Grant program.



County recycling reimbursement grant helps fund public recycling education program being conducted by the City of Clearwater.



Low-Back Park Bench

Made from 100% recycled plastic, our Low-Back Park Bench meets the demands of the rugged outdoors without sacrificing comfort and style.

Products made from 100% recycled plastic, such as benches, picnic tables, trash receptacles, and lumber, are purchased through funding from the county Solid Waste Municipal Recycling Reimbursement Grant program.



32 Gallon Round Waste Receptacles

Made from 100% recycled plastic, our 32 Gallon Round Waste Receptacle is an excellent option for outdoor waste collection.



Recycled Plastic Lumber

Recycled plastic lumber is able to be utilized in most all of the same projects as its wood counterpart.



Adirondack Chairs

Our bestselling eco-friendly Adirondack Chair combines style and durability to create a fantastic option for your outdoor seating needs.

STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of Solid Waste Municipal Recycling Reimbursement Grants. The recommendation contained herein is of the original audit, followed by the current status of the recommendation.

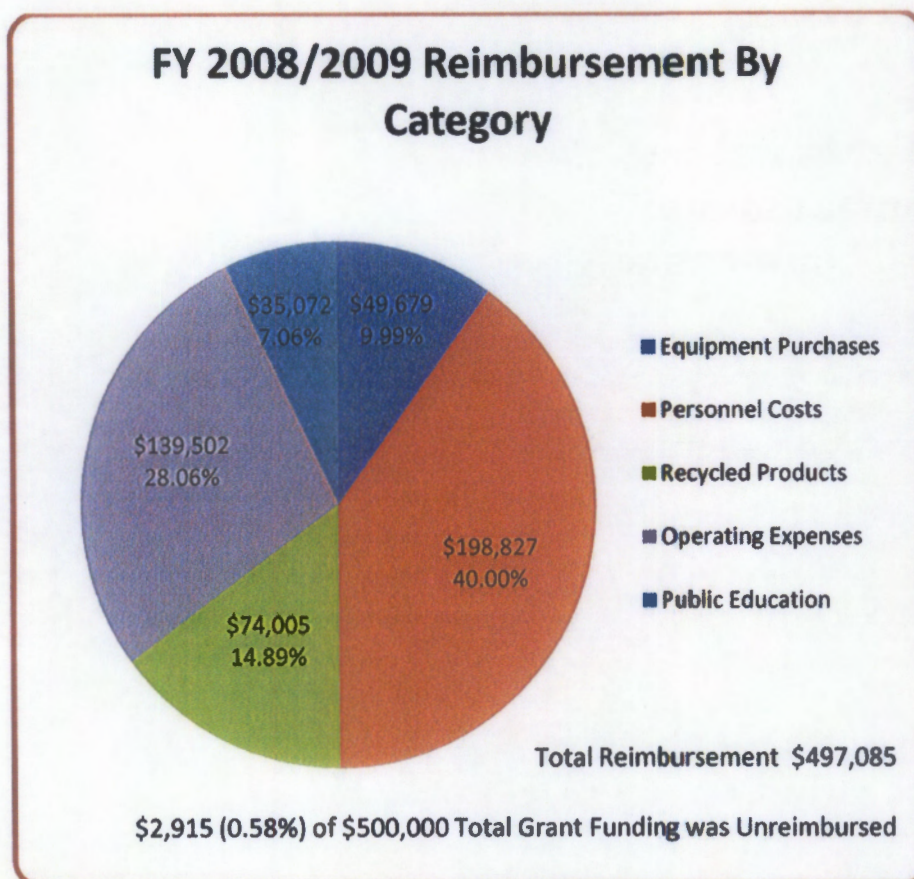
1. The Benefits Of The Municipal Recycling Grant Reimbursement Program Are Not Being Identified Or Measured.

Benefits of the Pinellas County Municipal Recycling Reimbursement Grant Program are not being specifically identified or measured. The program was established by the BCC's Resolution 05-59 in April of 2005 after state funding to municipalities was discontinued. The Grant Program is intended to help municipalities continue and to increase their recycling progress, which in turn helps the county reach its own recycling goals. Program funds are distributed on a reimbursement basis. The county's resolution states that reimbursement shall be limited to expenditures directly related to, and supporting recycling, including:

- Equipment for recycling facilities.
- Recycling personnel costs.
- Operations of recycling facility/programs
- Purchase of materials made from recycled materials.
- Public education.
- Construction of recycling facilities.

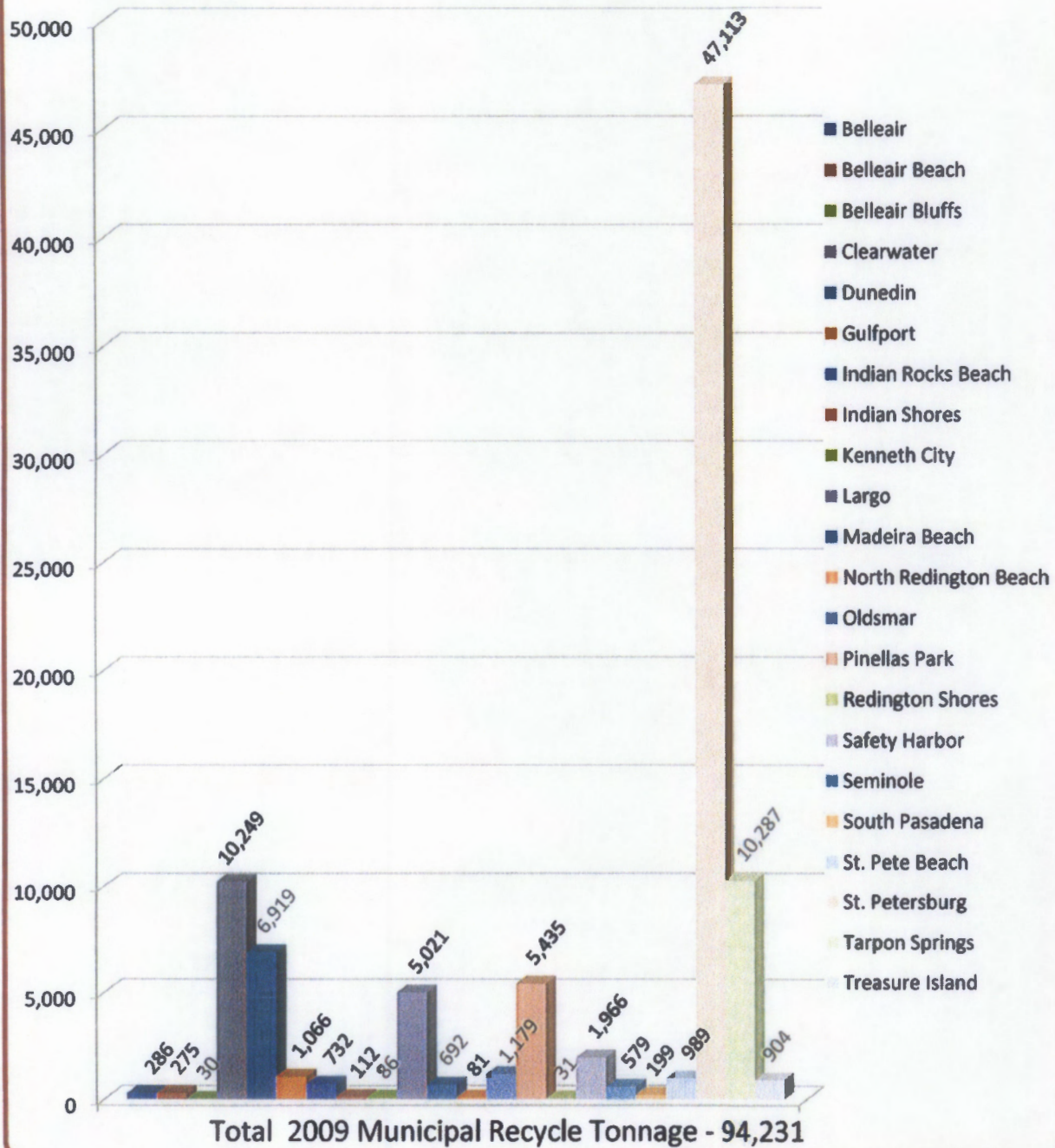
The initial fiscal year funding allocation to the municipalities totaled \$350,000. The dollar amount was increased to \$500,000 in Fiscal Year 2006/2007 and has remained at that level since. While the method for distribution of funds was established in Resolution 05-59 and is followed accurately, no measures exist for determining the success or failure of the Grant Program.

A summary of Fiscal Year 2008/2009 reimbursement by category shows the following:



Annual municipal recycling information is provided to DSW by the municipalities that received grant funding. This information is due to DSW by October of the following year, in time for DSW to prepare their reports to Florida Department of Environmental Protection (FDEP). The 2009 Annual Municipal Recycling Report provided to us by DSW shows tonnage by municipality as follows:

2009 Annual Municipal Recycling Tonnage



Additionally, the report contains recycling tonnage from unincorporated areas within the county and commercial sources, neither of which receive grant funding.

Grant funding is spent on direct recycling efforts (equipment purchases, personnel costs, and operating expenses) and indirect efforts (public education and purchase of recycled products). For 2009, it can be concluded that \$497,085 of funding contributed to 94,230 tons of recycled material from participating municipalities. It is also reasonable to conclude that public education, an indirect effort, contributed to the 408,045 tons of recycled material from commercial sources not reported by municipalities and the 2,102 tons from unincorporated areas of the county.

DSW stated that they are responsible for the proper distribution of Grant Program funds per Resolution 05-59, but not for directly measuring the benefits. Based on information provided by management, we could not determine that any state or county agency or board has taken responsibility for establishing key performance indicators that could be used to measure the extent of benefits gained by the municipalities or the county from the Grant Program.

Neither Resolution 05-59 nor the Letter of Acceptance signed by the municipalities stipulates what, if any, statistics must be provided to DSW for purposes of tracking the progress of the Grant Program. Statistics on recycled tonnage are provided by municipalities per state mandate. If additional statistics are needed in order to develop metrics, management should consider appending the resolution to include such requirements.

With no criteria for determining how effective the Grant Program is, there is no accountability for the success or failure of the Grant Program and no measure for normal county evaluation of the Grant Program for the yearly budget process. In addition, this means that management cannot properly justify continuance of this program at the current level, or propose increases or decreases in the total funding amounts.

Best practices, such as those found in the 'Nine Steps to Success Methodology,' W. Edwards Deming's 'Plan Do Check Act' Cycle, and the 'Balanced Scorecard Approach,' stress the importance of performance measurement. All performance indicators need not be financial. Distribution of funds without measuring the extent of the benefit of those funds provided make it more difficult to conclude if the Grant Program is achieving its goal(s) and raises questions such as:

- Given that funding is allocated on a per capita basis, do the smaller cities receive enough to make a difference?
- Would it make a greater difference to the smaller cities if they had larger amounts?
- Would the funding be better utilized by larger cities, which could further enhance their recycling collection efforts?
- Can the larger cities have the same performance without the funding?
- Would DSW itself be better able to make a profound difference in overall recycling if they kept all or some of the funding, such as:

- Adding additional recycle drop off sites?
- Buying other equipment?
- Keep or hire additional employees?
- Add a second Household Electronics and Chemical Collection Center (HEC3)?
- Generally having a greater impact on the county recycle figures through their own efforts?

The county DSW has already shown their expertise in recycling advancement in the areas of:

- Curbside and drop off
- Electronics and chemicals
- Beach, yard, and mulch
- Business
- School paper
- Used motor oil
- Reefs
- Event recycling
- Education outreach
- Buying recycled materials/supplies

DSW is in the best position to determine how to measure the benefits of current funding and to use those measurements to re-evaluate the level of continuance of the Grant Program.

We recommended management:

Develop the appropriate statistical measurements to determine and quantify the effectiveness and the benefits of the Pinellas County Municipal Recycling Reimbursement Grant Program.

Status:

Not Implemented. Management stated they used a national consultant to try to establish criteria, but have not been successful establishing any criteria. Management stated they are still evaluating alternatives, up to and including changing the BCC Resolution. We appreciate management's efforts to date to implement our recommendation, but we continue to encourage management to fully implement this recommendation.



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA
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PINELLAS COUNTY, FLORIDA

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