

**ATTACHMENT B: AUDIT RESULT SUMMARY: HEALTH SANITATION SERVICES/WASTE MANAGEMENT, INC.**

The following is a summary of the results of an audit of Health Sanitation Services', a subsidiary of Waste Management, compliance with the provisions contained in their franchise agreements with the County for the collection of trash, green waste, and recyclables from residents and businesses in Zones 4 (Lompoc unincorporated area) and 5 (unincorporated Santa Maria Valley and Santa Ynez Valley including Los Alamos). The audit was completed in October 2007 and violations have been resolved in a timely manner.

<b>ADMINISTRATIVE REVIEW</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Adequacy of Financial Statement	Compliant	Staff has recommended a new format that will be used in future contracts
Adequacy of Insurance Coverage	Compliant	
Adequacy of Performance Bonds	Not Compliant	Increased bond amounts by \$234,000
Adequacy of Financial Guaranty	Compliant	
Accuracy of Franchise Fees for 2006	Not Compliant	Underpaid by \$19,479 (2.5% of total fees owed). Submitted payment and because exceeded certain threshold were required to pay for audit costing \$67,636.
Accuracy of Reported Refuse and Recycling Tonnage	Not Compliant	Total tonnage collected overstated by 1,381 (3% of total tonnage), corrected reports
Verify disposal component weights used in developing collection rates	Disposal rate components varied	Some higher, some lower - will be addressed in upcoming procurement process
Commercial Billing Accuracy - findings based on sample of customers reviewed – not total customer base - resolution based on all customers in category identified as problematic	Not Compliant (19% billed inaccurately) - 8% of customers billed non-approved rates - 10% overbilled - 1% underbilled	- Appropriate rates developed by staff • 350 gallon recycling carts (\$72,471.50 reimbursed to 65 customers) • 350 gallon refuse carts (\$104,638.83 reimbursed to 18 customers)
Residential Billing Accuracy - findings based on sample of customers reviewed – not total customer base	Compliant - 96% billed accurately, - 2% overbilled, - 2% underbilled	Corrected but not considered significant

<b>FIELD AUDIT</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Driver safety and service	Safe and professional service provided	
Compliance with mandated commercial recycling program	Not Compliant	Approx. 3.5% of customers (22 businesses) did not have recycling service. Staff worked directly with hauler and customers to establish service or determine exemption
Residential and commercial collection containers	Condition of some commercial containers substandard, labeling or color difference to differentiate types of material collected needs improvement	Staff has worked with hauler to appropriately label containers and phase in the use of different color containers for each waste type collected

**AUDIT RESULT SUMMARY: BROWNING-FERRIS INDUSTRIES/REPUBLIC SERVICES.**

The following is a summary of the results of an audit of Browning-Ferris Industries', a subsidiary of Republic, compliance with the provisions contained in their franchise agreements with the County for the collection of trash, green waste, and recyclables from residents and businesses in Zone 2 (Goleta unincorporated area North of Hollister Ave.). The audit was completed in two parts, a billing review completed in December 2007 and other provisions reviewed and completed in February 2009. Non-compliant provisions were subsequently corrected.

<b>ADMINISTRATIVE REVIEW</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Adequacy of Financial Statement	Compliant	Staff has recommended a new format that will be used in future contracts
Adequacy of Insurance Coverage	Compliant	
Adequacy of Performance Bonds	Compliant	
Adequacy of Financial Guaranty	Compliant	
Accuracy of Franchise Fees for 2007	Compliant	
Accuracy of Reported Refuse and Recycling Tonnage	Compliant	
Verify disposal component weights used in developing collection rates	Disposal rate components varied	Some higher, some lower - will be addressed in upcoming procurement process
Commercial Billing Accuracy	Compliant - 95% billed accurately; - 5% underbilled	
Residential Billing Accuracy	Variances – - 83% billed accurately; - 17% underbilled	
<b>FIELD AUDIT</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Driver safety and service	Safe and professional service provided	
Compliance with mandated commercial recycling program	Compliant – very few commercial accounts but those were recycling	
Residential service	Variances – 10% charged non-approved rate - rate for twice a week trash collected from condos and homeowner associations	Staff determined rate charged is accurate
Residential and commercial collection containers	Signage and appearance of containers was good.	In the process of changing container color for trash.

**AUDIT RESULT SUMMARY: MARBORG INDUSTRIES.**

The following is a summary of the results of an audit of MarBorg Industries’ compliance with the provisions contained in their franchise agreements with the County for the collection of trash, green waste, and recyclables from residents and businesses in zones 1 (Montecito and Mission Canyon areas) and 3 (unincorporated Goleta area south of Hollister Ave., Isla Vista, Painted Cave, Paradise Road and New Cuyama Valley) . The audit was completed in June 2008 and non-compliant provisions were corrected expeditiously.

<b>ADMINISTRATIVE REVIEW</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Adequacy of Financial Statement	Compliant	Staff has recommended a new format that will be used in future contracts
Adequacy of Insurance Coverage	Compliant	
Adequacy of Performance Bonds	Not Compliant	Bond amount increased by \$400,000
Adequacy of Financial Guaranty	Does not apply	
Accuracy of Franchise Fees for 2007	Compliant	Underpaid by \$4,975 (0.5% of total fees) considered insignificant. Submitted payment for amount owed
Accuracy of Reported Refuse and Recycling Tonnage	Compliant	
Verify disposal component weights used in developing collection rates	Disposal rate components varied	Some higher, some lower - will be addressed in upcoming procurement process
Commercial Billing Accuracy	Variances – - 28% billed unapproved rates: cardboard only collection, and commercial greenwaste bin collection	Staff determined rate charged is accurate
Residential Billing Accuracy - findings based on sample of customers reviewed – not total customer base - resolution based on all customers in category identified as problematic	Not Compliant – - 86% billed accurately; - 14% over or under billed	514 customers were overbilled – they were charged for an extra trash can when they had an extra green waste can. A total of \$27,356.50 in rebates were provided to affected customers.
<b>FIELD AUDIT</b>		
<b>Objective</b>	<b>Finding</b>	<b>Resolution</b>
Driver safety and service	Safe and professional service provided	
Compliance with mandated commercial recycling program	Compliant	
Residential and commercial collection containers	Condition of commercial and residential containers is excellent, labels are used and in good condition	All beige recycling containers were replaced with blue containers for easier customer use

