

BOARD OF FINANCE AUDIT SUBCOMMITTEE MEETING
Thursday, June 6, 2023, 6:00 pm
Via Webex &
In Person at the BOE Offices, Room 295A/B
501 Kings Highway East, Fairfield, CT 06825

A recording of this meeting can be found here: [.BOF Audit Subcommittee 6pm 6.6.2023.](#)

DRAFT MINUTES

MEMBERS PRESENT: Chairman John Mitola, Vice-Chair Mary LeClerc, Secretary Lori Charlton
OTHERS PRESENT: Partner and Auditor PKF O'Connor Davies Joseph Centofanti, Controller Caitlin Bosse, Internal Auditor Connie Saxl, FairTV, members of the public

1. Call to Order

Chairman John Mitola called the meeting to order at 6:00 pm.

2. To hear, consider and approve the Minutes of March 2, 2023

Lori Charlton made a motion to approve the minutes of 3/2/23 as written. Chair Mitola seconded the motion which carried unanimously.

3. Discuss Upcoming FY23 Audit with PKF O'Connor Davies

There is a letter included in the backup from PKF O'Connor Davies outlining the scope of the 2023 audit. There is no change to this year's audit. Joe Centofanti went over the timeline for the audit which begins with the attached engagement letter. Data is then requested to build the report, audits and financial statements are added. Once the trial balances are received, there are three weeks of field work. There will be an audit webinar in mid-July for information on software leases. Mr. Centofanti explained the importance of getting information together for him so he can stay on schedule. Actuary reports are needed by November 1st on Pension and OPEB. The target to have a draft is December 1st and then finalize by December 31st deadline. The completion of the report is driven by his receiving the data in a timely manner. Lori Charlton asked Mr. Centofanti and Controller Caitlin Bosse if HR is aware of when they need to get the information to the Actuary and if the Actuaries are aware of when they need to get reports to him so the Town can get the report earlier than last year. Ms. Bosse explained that last year both the turnover in the HR department and the changing Actuary firms delayed the reports last year. This year everything should be on time. Ms. Bosse will reach out to the Actuary and to the HR Director.

4. To Hear an Update on Recent Internal Audits

Internal Auditor Connie Saxl reviewed her final audit report on Value Payment Systems online echeck rejects, chargebacks and refunds for the period of 6/1/22 – 1/15/23 to verify that the Town departments complied with Town policies and procedures for these transactions. Ms. Saxl said there were 229 reports in total and \$4.1 million in revenue that was audited to be sure the Town was receiving the money. She said there was a review with the departments of the procedures that should be followed for chargebacks and echeck rejects.

Ms. Saxl discussed the other updated report which was on the fees charged by CardConnect, the company used to process Town department credit card charges. She said there have been random fees charged to the Town found in monthly statements between 2019 and 2023.

Ms. Saxl said the contract from the awarded RFP began on 7/18/2018. She said the original contract was set to renew in 2020, but the Purchasing Department could not provide proof of the extended contract or a renewal letter. She said the fees have been added since that time. Ms. Saxl has recommended that the Purchasing Department contact CardConnect to verify the contract was properly extended and if so, a refund would be do to the Town for the additional fees charged since 2020.

5. Adjourn

Ms. Charlton made a motion to adjourn. Mary LeClerc seconded the motion which carried unanimously.

The meeting adjourned at 6:55 pm.

Respectively submitted,

Pru O'Brien
Recording Secretary

BOARD OF FINANCE SPECIAL AUDIT SUBCOMMITTEE MEETING

Monday, September 11, 2023, 6:00 pm

**Via Webex & In Person in the 1st Floor Conference Room
Independence Hall, 725 Old Post Road, Fairfield, CT 06824**

A recording of this meeting can be found here: [BOF Audit Sub Comm 9/11/2023.](#)

DRAFT MINUTES

MEMBERS PRESENT: Chairman John Mitola, Vice-Chairwoman Mary LeClerc, Lori Charlton

OTHERS PRESENT: First Selectwoman Brenda L. Kupchick, CFO Jared Schmitt, HR Director Cathleen Simpson, HR Assistant Director/Risk Manager Peter Richey, Town Internal Auditor Connie Saxl, FairTV, members of the public

1. Call to Order

Chair John Mitola called the meeting to order at 6:00 pm.

2. Discussion, question and answer session with Town officials regarding "Human Resources Administrative Investigation on Town-Issued Credit Card Purchases" and related issues regarding Town policies on Town-issued credit cards

Mr. Mitola gave background on the investigation and the reason for the meeting. First Selectwoman Kupchick and CFO Jared Schmitt had a presentation to make. Lori Charlton gave a statement and additional background. The discussion continued with HR Director Cathleen Simpson speaking about her report on the investigation of employees using the town credit card issued to them and how the findings of the investigation related to the Town's credit card policy. Ms. Charlton had questions that led to further discussion.

The full discussion can be found here: [BOF Audit Sub Comm 9/11/2023.](#)

3. Follow-up discussion/updates on Internal Audit investigations

Chair Mitola will get dates together to continue the discussion on credit card issues and the fraud policy. Mr. Mitola said First Selectwoman Kupchick and CFO Schmitt will make their presentation at that time.

4. Adjourn

Mary LeClerc made a motion to adjourn. Lori Charlton seconded the motion which carried unanimously.

The meeting adjourned at 8:06 pm.

Respectfully submitted,

Pru O'Brien
Recording Secretary

BOARD OF FINANCE SPECIAL AUDIT SUBCOMMITTEE MEETING
Tuesday, September 19, 2023, 6:00 pm
Via Webex & In Person
501 Kings Highway, E., Room 295 A/B
Fairfield, CT 06825

A recording of this meeting can be found here: [BOF Special Audit Sub Comm 9/19/2023.](#)

DRAFT MINUTES

MEMBERS PRESENT: Chairman John Mitola, Vice-Chairwoman Mary LeClerc, Lori Charlton
OTHERS PRESENT: CFO Jared Schmitt, Internal Auditor Connie Saxl, FairTV and members of the public

1. Call to Order

Chairman Mitola called the meeting to order at 6:00 pm.

2. Discussion, question and answer session with Town officials regarding "Human Resources Administrative Investigation on Town-Issued Credit Card Purchases" and related issues regarding Town policies on Town-issued credit cards

This meeting was a continuation of the last meeting on 9/11/23 since the BOF Audit Subcommittee still had questions. Mr. Mitola also wanted to review the fraud policy. A discussion began. CFO Jared Schmitt went through the presentation that he and the First Selectwoman were not able to present at the last meeting. Mr. Schmitt went through changes in the policy that were made as a result of this investigation. There are now just 38 Town employees who are still credit card holders. Mr. Schmitt then opened a discussion with the Board. Chair Mitola said he will wait to discuss a fraud policy until HR Director Cathleen Simpson can attend a BOF meeting.

The presentation and discussion can be found in both the backup documents and meeting recording. The link is here: [BOF Special Audit Sub Comm 9/19/2023.](#)

3. Adjourn

Lori Charlton made a motion to adjourn. Mary LeClerc seconded the motion which carried unanimously.

The meeting adjourned at 7:17 pm.

Respectfully submitted,

Pru O'Brien
Recording Secretary

Town of Fairfield

Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION

(203) 256-2919 (Office)

(203) 256-3080 (Fax)

csaxl@fairfieldct.org

To: Anthony Calabrese, Director of Parks and Recreation
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit of Cash/Check Deposits: Recreation Department, H. Smith Richardson Golf Course and Carl J. Dickman Golf Course
Date: October 5, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-Committee and Board of Finance members and are posted as backup whenever reports on Internal Audit activities are made. Backup reports are located on the Town of Fairfield website:
www.fairfieldct.org

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AUDIT SCOPE AND OBJECTIVE

An examination of cash/check receipts collected and deposited by the Recreation Department, H. Smith Richardson Golf Course and Carl J. Dickman Golf Course was performed for July 1, 2022 through May 31, 2023.

The scope of this audit included:

- Review of cash collection policies and procedures
- Examinations of daily deposit transmittal forms

- Examinations of bank deposits and associated general ledger revenue accounts

The objectives of this audit were to:

- Ensure that revenue is properly collected, recorded, reconciled and deposited intact on a timely basis
- To identify areas where weaknesses may exist within the revenue collection process, i.e., ensure that necessary internal controls are properly in place and operating effectively



STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all methods used within an organization to safeguard assets, promote the accuracy and reliability of its accounting data and records, promote operational efficiency and encourage compliance with all policies and procedures prescribed by management. Management must understand its responsibilities and implement and maintain adequate internal control systems.



AUDIT FINDING # 1

A review of cash/check collections and corresponding bank deposits was conducted for the eleven-month period covering July 1, 2022 through May 31, 2023 for the Recreation Department, Carl J. Dickman Golf Course and H. Smith

Richardson Golf Course. The review showed that \$1,607,635.51 in revenue in the form of cash and checks was collected and deposited by the Recreation Department. A chart illustrating deposits by location and month is presented in Appendix A.

A comparison of deposit transmittals to bank deposit amounts revealed a net cash underage of \$909.08 for the eleven-month period, which results in a (.057%) error rate. **Internal Audit deems this cash underage amount to be immaterial in dollar value in comparison to overall revenue collected and deposited by the department.** However, it was noted on 5 occasions within this timeframe, that cash shortages over \$30 occurred without documentation of a reasonable explanation. The total cash under for these five transmittals was \$1,029. Two of these transmittals represented cash shortages, which were in excess of \$150, and two deposit transmittals totaling \$425 did not have bank deposit slips attached. Further audit investigation revealed that there was not an associated bank deposit for these two days (\$425) and each of them represented cash collections (no checks). These two deposits were not reported to Internal Audit as required by Town Deposit Transmittal Policies and Procedures.

AUDIT RECOMMENDATION # 1

Deposit Transmittal Policies and Procedures requires:

1. A validated bank deposit slip must be attached to support the deposit transmittal.
2. The totals per deposit transmittal and the validated bank deposit slip must match.
3. Any cash over/under amount in excess of \$150 must be investigated and reported to Internal Audit.

Explanation of Town Deposit Transmittal Policies and Procedures: All deposit transmittal sheets must have a corresponding bank deposit slip attached which shows the bank validation stamp showing date deposited and dollar amount deposited. The validated bank deposit slip must match the cash and checks collected on the deposit transmittal. Deposit transmittals should not be signed by the Department Head (designating his or her review and approval) if there is not a validated bank deposit slip attached for the correct amount.

Further, it is recommended that a brief explanation be documented on the transmittal describing the reason (if known) for any corresponding bank deposit

discrepancy over \$25. All cash over/under amounts in excess of \$150 must also be investigated and reported to Internal Audit in accordance with Town policy. Frequent cash over/under occurrences between deposit transmittals and bank deposits may warrant further investigation by Internal Audit and may result in possible disciplinary action by Town management.

A refresher email regarding Deposit Transmittal Policies and Procedures was sent to Department Heads on May 12, 2023. The Deposit Transmittal Policies and Procedures is attached in Appendix B. Management should also consider conducting formal in-house training to employees who handle cash/check collections and their Department Heads on Deposit Transmittal Policies and Procedures.



REVIEW OF TIMELINESS OF DEPARTMENTAL CASH/CHECK DEPOSITS

Internal Audit reviewed a random sample of daily collections and associated bank deposits for Recreation Department, H. Smith Richardson and Carl J. Dickman Golf Courses from July 2022 through April 2023 to ensure that cash and check collections were properly deposited in the bank on the next business day, which is in accordance with the Deposit Transmittal Policies and Procedures.

All deposits reviewed in the sample were found to be deposited in the bank in a timely basis in accordance with Town policy. All revenue examined was found to be properly recorded in the correct revenue account.

Further, the Recreation bank account is properly reconciled to MUNIS on a monthly basis.

No audit recommendation made at this time.



CLOSING REMARKS

The assistance and cooperation received from the Recreation Department staff is greatly appreciated. I enjoyed working with the involved parties and look forward to working with you again in the near future. I am happy to assist

management with the implementation of any of the recommendations made within this report. Thank you.

History of Audit report:

Draft Sent to CFO – July 10, 2023

Review of Draft Report with CFO & Controller – August 29, 2023

Draft Sent to Department Head – September 15, 2023

Draft Report 2nd Review with CFO – October 2, 2023

Final Report Sent to CFO with Request for Distribution – October 5, 2023

APPENDIX A

CASH/CHECK DEPOSITS BY LOCATION AND MONTH

Final

Recreation Cash/Check Deposits by Location and Month - July 2022 through May 2023

	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Total</u>
Recreation Dept.	\$ 112,273.00	\$ 55,095.42	\$ 25,358.20	\$ 87,639.79	\$ 32,385.16	\$ 76,753.56	\$ 219,682.51	\$ 300,073.78	\$ 87,717.89	\$ 168,557.10	\$ 82,462.69	\$ 1,247,999.10
CJD Golf	\$ 12,462.00	\$ 13,288.00	\$ 8,556.00	\$ 5,139.85	\$ 2,710.00	\$ 149.00	\$ -	\$ -	\$ 1,054.00	\$ 6,229.00	\$ 9,575.66	\$ 59,163.51
HSR Golf	\$ 56,114.00	\$ 42,043.28	\$ 67,826.00	\$ 30,049.00	\$ 11,212.00	\$ 2,214.00	\$ -	\$ -	\$ 4,923.62	\$ 31,313.00	\$ 54,778.00	\$ 300,472.90
	<u>\$ 180,849.00</u>	<u>\$ 110,426.70</u>	<u>\$ 101,740.20</u>	<u>\$ 122,828.64</u>	<u>\$ 46,307.16</u>	<u>\$ 79,116.56</u>	<u>\$ 219,682.51</u>	<u>\$ 300,073.78</u>	<u>\$ 93,695.51</u>	<u>\$ 206,099.10</u>	<u>\$ 146,816.35</u>	<u>\$ 1,607,635.51</u>

Unaccounted Differences Between Cash/Check Collected and Deposited

	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Total</u>
Recreation Dept.	\$ -	\$ (480.00)	\$ -	\$ 10.00	\$ 10.00	\$ -	\$ 18.98	\$ 4.95	\$ -	\$ -	\$ -	\$ (436.07)
CJD Golf	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (458.00)	\$ (458.00)
HSR Golf	\$ (57.01)	\$ -	\$ -	\$ (34.00)	\$ -	\$ 76.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15.01)
	<u>\$ (57.01)</u>	<u>\$ (480.00)</u>	<u>\$ -</u>	<u>\$ (24.00)</u>	<u>\$ 10.00</u>	<u>\$ 76.00</u>	<u>\$ 18.98</u>	<u>\$ 4.95</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (458.00)</u>	<u>\$ (909.08)</u>

Recap of Unaccounted Differences:

Total Cash Over	\$ 119.93
Total Cash Under	\$ (1,029.01)
Net	<u>\$ (909.08)</u>

-0.057%
TTL ERROR RATE

APPENDIX B

DEPOSIT TRANSMITTALS POLICIES AND PROCEDURES

Final

Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT

(203) 256-2919 (Office)

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DEPOSIT TRANSMITTAL POLICIES AND PROCEDURES

PURPOSE OF POLICY:

This policy has been established to provide clear direction to all Town Departments who prepare Deposit Transmittals (also referred to as Yellow Deposit Transmittals or Daily Deposit Transmittals) for recording departmental revenue collections.

Each department is required to maintain an adequate system of internal controls as a means of effectively managing revenue collections. This involves ensuring that all cash receipts are properly collected, reconciled, recorded and deposited intact, in a consistent and timely manner in the Town bank account.

PROCEDURES:

The following procedures are required when completing the Deposit Transmittal prior to its submittal to Finance:

FOR ALL CASH/CHECK BANK DEPOSITS:

1. Bank deposits must be performed by departments on a daily basis for all cash/check collections exceeding the sum of \$250. Cash/check collections of \$250 or less must be performed on a weekly basis. All cash/check collections must be stored in a secure area with restricted access until the bank deposit is made (i.e., safe or other locked area).
2. Record the date that is validated (i.e., stamped) by the bank on the deposit slip as the "Deposit Date" on the Deposit Transmittal.
3. Record the dates that you collected your revenue on the "Collection Date" line on the Deposit Transmittal.

4. Record the dollar amount of revenue collected in the appropriate MUNIS revenue account by A/R code for your department.
5. Finance will notify you when a customer's check is returned by the bank. You must contact that person and obtain a new check, cash or money order to replace it along with a \$20 returned check fee. When you receive the new check, record the replacement revenue on the line that states "Redeposit Returned Checks". Record the \$20 on the line that says "Returned Check Fee".
6. All cash over or under from departmental collections must be recorded in the "Cash Over/Under" account for your A/R Code 010-10100. Any cash over/under in the amount of \$150 or more per Deposit Transmittal must be investigated and reported to Internal Audit.
7. Total per Deposit Transmittal = Total per Bank Deposit Slip = Total per Report(s).
The "Total Deposit" recorded on the Deposit Transmittal must agree to the total dollar amount validated by the bank on the deposit slip. Concurrently, the total amount per the Deposit Transmittal and the validated (stamped) bank deposit slip MUST agree to backup documentation (such as end of day reports) supporting the total amount collected by your department.
8. The preparer must sign the Deposit Transmittal where it says "Completed By".
9. The Department Head must sign the Deposit Transmittal where it says "Authorized Signature". Note that ink stamps of signatures are not acceptable.
10. Tape the validated bank deposit slip to an 8 1/2 x 11" piece of paper. (The same applies to any other small slips of paper submitted with your Deposit Transmittal).
11. Use a paper clip to attach the bank deposit slip and all other associated reports to your Deposit Transmittal.
12. Forward the completed Deposit Transmittal and bank deposit slip to the Finance Department within one week of deposit.

13. Keep a copy of the Deposit Transmittal, validated bank deposit slip and associated backup documents such as end of day cash reports for your records and for auditing purposes.

ADDITIONAL STEPS FOR REPORTING RECEIPTS PERTAINING TO CREDIT CARD PAYMENTS, ON-LINE PAYMENTS OR ACH PAYMENTS & WIRES (MONEY DIRECTLY RECEIVED BY THE BANK):

1. Paper clip the Daily Online Report, monthly credit card statement or other applicable originator/payer report to the Deposit Transmittal.
2. Total per Deposit Transmittal = Total per report or credit card statement.
The “Total Deposit” recorded on the Deposit Transmittal must agree to the total amount per the report or statement from the credit card company or originator/payer.
3. Finance will notify you when a customer’s credit card payment is rejected (declined by the credit card company) or charged back (charge declined by credit card company because disputed by the customer). You must contact that person and obtain a check, cash or money order to replace the payment owed along with a \$20 administrative transaction fee. When you receive the replacement check, record the revenue on the line that states “Redeposit Returned Checks”. Record the \$20 administrative transaction fee on the line that says “Returned Check Fee”.

NOTE: DEPARTMENTS MUST NOTIFY FINANCE BEFORE ESTABLISHING A NEW SYSTEM OF COLLECTING RECEIPTS INCLUDING CREDIT CARD PAYMENTS, ACH PAYMENTS, WIRES, ETC.

May 12, 2023

Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT

(203) 256-2919 (Office)

(203) 256-3080 (Fax)

csaxl@fairfieldct.org

To: Adam Tulin, Director of Purchasing
John Marsilio, Interim Director of Public Works
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit: GovDeals Revenue Received From Auction of Town Vehicles,
Machinery and Equipment
Date: October 3, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Dean Veno, Garage Supervisor, Department of Public Works
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
James Baldwin, Town Attorney
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Committee and Board of Finance members and are posted as backup
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## AUDIT SCOPE

Internal Audit examined the revenue generated from Town vehicles and equipment sold at auction through a company called GovDeals. The scope of the audit covered the period of July 1, 2021 through March 15, 2023.



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AUDIT PURPOSE

The purpose of the audit was to:

- Ensure that all revenue associated with the sale of auctioned Town vehicles and equipment was properly received in the Town General Fund Bank account via ACH deposit and was properly recorded in MUNIS.
- Identify and disclose any weaknesses existing among departmental internal controls and to advise where improvements among daily operations can be made in order to increase the department's efficiency and effectiveness.

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### **STATEMENT OF AUDITING STANDARDS**

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.

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INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities to implement and must maintain adequate internal control systems.

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**AUDIT FINDING #1**

The Town of Fairfield utilizes an auction house called GovDeals for the sale of obsolete vehicles and machinery and equipment to the public. GovDeals exclusively works with government and educational agencies using an online auction platform. They charge a 12.5% buyer's premium upon auction award. In essence, the buyer pays the premium to GovDeals and the Town receives 100% of the auction sale price. The total dollar amount received from GovDeals for the period of July 1, 2021 through March 15, 2023 revealed that \$161,066.78 was received from the sale of 73 obsolete vehicles and machinery and equipment through online auctions. The detail of auction receipts by date is as follows:

| <b>GovDeals</b>                           |                      |                            |                               |
|-------------------------------------------|----------------------|----------------------------|-------------------------------|
| <b>Amount Received from Auction Sales</b> |                      |                            |                               |
| <b><u>Date</u></b>                        | <b><u>Amount</u></b> | <b><u># Items Sold</u></b> | <b><u>Avg. Sale Price</u></b> |
| 10/15/2021                                | \$ 12,817.78         | 10                         | \$ 1,281.78                   |
| 10/22/2021                                | \$ 85,286.00         | 11                         | \$ 7,753.27                   |
| 10/29/2021                                | \$ 14,709.00         | 4                          | \$ 3,677.25                   |
| 11/5/2021                                 | \$ 2,272.00          | 5                          | \$ 454.40                     |
| 11/12/2021                                | \$ 2,395.00          | 2                          | \$ 1,197.50                   |
| 11/19/2021                                | \$ 190.00            | 1                          | \$ 190.00                     |
| 1/3/2022                                  | \$ 3,031.00          | 7                          | \$ 433.00                     |
| 1/7/2022                                  | \$ 32,031.00         | 19                         | \$ 1,685.84                   |
| 1/14/2022                                 | \$ 4,754.00          | 5                          | \$ 950.80                     |
| 1/21/2022                                 | \$ 432.00            | 3                          | \$ 144.00                     |
| 2/4/2022                                  | \$ 581.00            | 2                          | \$ 290.50                     |
| 8/9/2022                                  | \$ 66.00             | 1                          | \$ 66.00                      |
| 10/7/2022                                 | \$ 27.00             | 1                          | \$ 27.00                      |
| 11/25/2022                                | \$ 1,075.00          | 1                          | \$ 1,075.00                   |
| 1/20/2023                                 | \$ 1,400.00          | 1                          | \$ 1,400.00                   |
|                                           | <b>\$ 161,066.78</b> | <b>73</b>                  | <b>\$ 2,206.39</b>            |

It was noted on one occasion where a Fire Department vehicle was sold at auction for \$1,400 and was picked up by the customer in November 2022 but the Town did not receive payment because no one had notified the DPW Garage Supervisor or the Purchasing Department of the sale or customer pickup. Upon learning that the money had not been received by the Town in January 2023, Finance promptly

notified the DPW Garage Supervisor who logged in to the GovDeals online system to update customer pickup information thus initiating payment to the Town. The money owed to the Town was received shortly thereafter via ACH credit in the Town bank account by GovDeals.

Internal Audit obtained access to log in to the GovDeals online database. An audit review of all items sold at auction from July 1, 2021 through March 15, 2023 did not reveal any other auctioned items where the money had not been received by the Town.

The final sale amounts for auctioned items sold and picked up by customers were traced to the General Fund Bank account for proper ACH credit (deposit) amount and to MUNIS accounting records for proper recording of revenue without exception.

### **AUDIT RECOMMENDATION #1**

It is recommended that the Director of Purchasing be the primary person who has the chief responsibility for reviewing and approving the disposal of all Town department surplus/obsolete property prior to auction. This also includes the responsibility of coordination of all aspects surrounding the initial auction (including setting up photographs, providing detailed descriptions of items to be sold at auction and setting up the auction date with the online auction house - GovDeals) of all Town vehicles, machinery and equipment.

It is further recommended that the DPW Garage Supervisor be assigned as the main point of contact who handles the temporary storage and the tracking of customer pickup of auctioned vehicles or other machinery and equipment sold. All auctioned items should be parked/stored in the Department of Public Works (DPW) lot or other appropriate place at DPW until customer pickup (customers must pick up their purchased items within ten days of the close of auction and provide identification and proof of auction award). If the auctioned item cannot be stored at the DPW lot due to the size and/or nature of the item then the Director of Purchasing must notify the DPW Garage Supervisor of the location of the auctioned item and its pickup. The DPW Garage Supervisor can then update the GovDeals online system as "picked up" and notify Finance to expect the funds to be deposited in the Town General Fund bank account within 3 to 5 business days and also to adjust fixed asset records. Regular review of the GovDeals online system ten days after the close of scheduled auctions should be conducted by the DPW Garage Supervisor to ensure that:

1. Items that have sold at auction are not still sitting in the lot after a two-week period without customer pickup. (Note: The Town does not receive payment if the customer does not pick the item up.)
2. Items that have been picked up by customers are properly reflected as such in the GovDeals online system to ensure that the Town receives its money.

~~ The DPW Garage Supervisor agreed that he would be the point of contact and will comply. ~~

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AUDIT FINDING #2

Town Code - Chapter 4, Article II, Section 4-5 entitled Personal Property (Attachment 1) provides the rules and regulations governing the disposal of surplus Town property. Auctions reviewed during the audit from July 2021 to present failed to comply with the requirements mandated in the Town Code. Internal Audit distributed the Town Code to the Director of Purchasing for his review and consideration.

It should be noted that the aforementioned Town Code was adopted on June 27, 1983. Past practice within the Town prior to using Gov Deals had also failed to comply with the requirements mandated in the Town Code. The past practice had been to auction machinery and equipment through an auction warehouse called Public Surplus.

AUDIT RECOMMENDATION #2

It is recommended that the Director of Purchasing request that Town Code - Chapter 4, Article II, Section 4-5 be reviewed by the Town Attorney. The Town Attorney should send the Director of Purchasing his official opinion/ruling in writing on whether future auctions of surplus vehicles, machinery and equipment, etc. should fully comply with the rules mandated in this Code or if it should be revised/amended. All future auctions should fully comply with the opinion/ruling provided by the Town Attorney.

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### **AUDIT FINDING #3**

It was noted during the course of the audit that formal written policies and procedures are not in place which govern the auction of Town surplus or obsolete property. (This assumes that the Town is properly complying with the aforementioned Town code or Town Attorney ruling.) Written guidelines outlining how and why auctioned items are selected are not present, including, but not limited to:

1. What specific items are eligible for auction?
2. Who reviews and approves auctioned items?
3. Who determines the item/asset's fair market value?
4. What are the criteria/justification used to determine which items are eligible for auction?
5. Should prospective auctioned items first be offered to other Town Departments if deemed to be useful or is trade-in more cost beneficial than auction?
6. Are Town employees, officials and their relatives eligible to bid on auctioned items?

### **AUDIT RECOMMENDATION #3**

It is recommended that official, written policies and procedures be created and adopted which govern the parameters surrounding the auction of Town surplus or obsolete property. Internal Audit prepared a draft "Policies and Procedures for Auction of Town Surplus/Obsolete Property" (Attachment 2) for management's review and for use as a guide for the creation of an official Town policy. Adherence to this recommendation will eliminate questions surrounding the auction of Town property and will ensure that auctioned property is done in compliance with prescribed Town policies and procedures.

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CLOSING REMARKS

The audit recommendations made within this report will assist the Town with the tracking of revenue received from items sold at auctions as well as ensuring proper compliance with Town Code and other adopted policies and procedures.

The assistance and cooperation received from the both the Director of Purchasing, Purchasing Buyer and DPW Garage Supervisor during this audit was greatly appreciated. I enjoyed working with the involved parties and look forward to working with them again in the near future.

If Town management wishes to implement the recommendations made within this report, I will be happy to assist once notified. Thank you.

History of Audit Report:

Draft Report submitted to CFO - 3/17/2023

Meeting with CFO and Controller re: Draft Report - 8/30/2023

Draft Report submitted to Department Head - 9/1/2023

Discussion of Draft Report with Department Head - 9/12/2023

2nd Draft Report submitted to Department Head & CFO - 9/13/2023

Final Report submitted to CFO with request for distribution: 9/15/2023

Meeting with CFO regarding Final Report: 10/2/2023

Final Report submitted to CFO with request for distribution: 10/3/2023

Attachment 1

Town Code

Chapter 4. Administration

Article II. Disposal of Surplus Property

Section 4.5. Personal Property

*Town of Fairfield, CT
Thursday, March 16, 2023*

Chapter 4. Administration

Article II. Disposal of Surplus Property

§ 4-5. Personal property.

- A. Whenever any town officer, board or commission determines that any article of personal property under its jurisdiction is no longer useful for its purposes and should be disposed of, it shall notify the Purchasing Authority and shall furnish the Purchasing Authority with a description of such property. The Purchasing Authority shall thereupon notify each other town officer, board or commission of the availability of such property.
- B. If some other officer, board or commission shall, within 10 days after such notice, advise the Purchasing Authority that such property, or any of it, will be useful for its purposes, the Purchasing Authority shall notify the Board of Finance, and such transfer of the property shall be made as shall be approved by the Board of Finance.
- C. If no officer, board or commission shall, within 10 days after such notice, advise the Purchasing Authority that any of such property will be useful for its purposes or if no transfer of such property shall be approved by the Board of Finance, the Purchasing Authority shall proceed to dispose of such property by sale or, if a sale be not feasible, by any other means which it shall deem reasonable.
- D. Before selling any of such property, the Purchasing Authority shall determine its value, and, if such value is more than \$100, the Purchasing Authority shall advertise for bids and shall sell such property to the highest bidder.

Attachment 2

**DRAFT - "Policies and Procedures for Auction of Town
Surplus/Obsolete Property"**

Town of Fairfield

Policies and Procedures for Auction of Town Surplus/Obsolete Property

PURPOSE AND SCOPE:

This policy is designed to provide guidance over the policies and procedures pertaining to the auction of Town of Fairfield property that is no longer needed or has no practical use to any particular Town department and is deemed surplus or obsolete.

DEFINITIONS:

Practical Use: The use of something for a reasonable purpose.

Surplus/Obsolete Property: Town owned property (i.e., automobiles/vehicles, bicycles, electronics, furniture, seized and unclaimed property, machinery and tools, miscellaneous equipment, office machines) that is no longer needed or has no practical use to a particular Town Department.

APPLICABILITY:

This policy applies to all Town Officials, employees and users including, but not limited to, full time, part time, and intermittent / seasonal / special employees.

This policy applies to all Town property except:

- Items purchased with grant funds which shall be disposed of in accordance with applicable grant requirements. If no disposal requirements exist, the Purchasing Authority will determine how to best dispose of such property.
- Seized or unclaimed property within the Police Department which shall be handled and disposed of in accordance with applicable Federal, State, and local requirements.
- Computer and electronic data storage equipment which shall be returned to the IT Administrator for proper data wiping and disposal. This includes, but is not limited to computers, laptops, tablets, servers, routers and hubs, phones, cameras, fax machines, copiers, scanners, monitors, external hard drives, and any similar device that may hereafter become available for use.

GENERAL GUIDELINES:

1. The Purchasing Authority is responsible for coordinating the auction of Town surplus or obsolete property.
2. Department Heads desiring to auction Town surplus or obsolete property shall forward a written, detailed description of the item(s) that are requested to be auctioned to the Purchasing Authority along with the item's estimated fair market value and reason/justification for its auction.
3. The Purchasing Authority will review and approve the auction sale.
4. If the Purchasing Authority finds that such property is not needed at present or in the foreseeable future and it is no longer of value or use to the Town; provided, however, that if the property has an estimated value greater than \$10,000, prior approval of the auction sale or trade-in and method of disposition must be obtained from the Board of Selectmen.
5. The Purchasing Authority will determine if there are opportunities to trade in surplus items for like items. The Purchasing Authority will determine if this is monetarily advantageous to the Town of Fairfield.

6. The Purchasing Authority will determine if items requested for auction are useful and should be offered first to Town Departments.
7. The Purchasing Authority shall coordinate the placing of items to sell via online auction using GovDeals and notifying the DPW Garage Supervisor of auction sale date so removal of sold and paid items by customers can be accomplished.
8. Surplus property shall be stored at the Department of Public Works Operations lot pending disposition.
9. The DPW Garage Supervisor shall be the point of contact after the Purchasing Authority has approved items to be auctioned with GovDeals.
10. The DPW Garage Supervisor shall remove from all Town vehicles: decals, markings, license plates and property from the glove box and interior. This is to include any painted lettering or stickers indicating that this was a Town of Fairfield vehicle.
11. The Department of Public Works shall maintain responsibility for all items until sale and removal is complete.

PROCEEDS OF SALES:

The proceeds of the sale of surplus items will be deposited into the Town General Fund.

PURCHASES BY TOWN EMPLOYEES OR OFFICERS AND THEIR FAMILIES:

Conflicts of Interest - To avoid potential conflicts of interest the following are prohibited from bidding on or acquiring Town of Fairfield surplus/obsolete property:

1. All Town employees and their immediate family members.
 - a. For the purposes of this section, immediate family members include a spouse, dependent, individual living in the employee's/officer's household or any other person acting on the employee's/officer's behalf.
2. Transferring, selling, donating, scrapping, recycling or disposing of property by Town Officials, employees including, but not limited to, full time, part time, and intermittent / seasonal / special, for personal gain or to benefit the interest of any person or party other than the Town of Fairfield, including handling or disposal of trash or junk except as directed by the Purchasing Authority, is strictly prohibited.
3. Town Officials and employees shall not claim ownership of, give away, recover, or salvage any materials abandoned, disposed of or stored upon Town premises.

VIOLATIONS:

Employees violating this policy may be subject to disciplinary action in accordance with Town policies, departmental operating procedures and/or collective bargaining agreements.

Town of Fairfield
Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION
csaxl@fairfieldct.org
(203) 256-2919 (Office)
(203) 256-3080 (Fax)

Recap of Audit Conducted: No formal audit report prepared due to the pressing need to promptly resolve the audit finding reported below before fiscal year-end (FY23) closing.

Parties Involved: Police Chief Robert Kalamaras

Jared Schmitt, CFO

Caitlin Bosse, Controller

Police Captain Antonio Granata

Cheryl Coppola, Police Secretary

Subject: Audit: ODM (Off Duty Management/Outside Police Services Revenue) – Disparity Between Amounts per Bank Deposits compared to Amounts Reported per Deposit Transmittals Submitted to Finance

Date: August 2, 2023

Recap of Audit Conducted:

Finding: Internal Audit compared ODM (Off Duty Management/outside police services) bank deposits to Deposit Transmittals prepared by the Police Department and submitted to Finance for entry into MUNIS for FY23. The reconciliation between actual bank deposits to deposits recorded on the books (MUNIS) showed a net difference of **\$512,378.90 that had not been recorded into MUNIS** compared to the bank (See attached). The bulk of this difference consisted primarily of Deposit Transmittals that had not been submitted by the Police Department to Finance for entry into MUNIS as well as deposit transmittals with incorrect amounts that were submitted to Finance. Internal Audit notified the Police Chief and requested that all cash differences between ODM bank deposits and Deposit Transmittals submitted to Finance be researched to determine why they had occurred and that they immediately be corrected. (See email 8/1/2023 attached.)

Conclusion: Internal Audit was promptly contacted by the Police Chief and Police Department personnel (Police Captain and Secretary) responsible for the preparation and review of Deposit Transmittals. Internal Audit met with these parties and instructed them on the proper way to retrieve ODM reports, how to modify the reports into a readable format and showed them how to properly complete the Deposit Transmittal and appropriate backup documentation submitted to Finance. All discrepancies between ODM reports, ODM bank deposits and Deposit Transmittals previously submitted to Finance were researched and corrected. All missing Deposit Transmittals were properly completed and submitted to Finance with appropriate backup for entry into MUNIS.

A follow-up email was sent to Police Chief Kalamaras from Internal Audit notifying him that the situation had been corrected and recapped the instructions that were discussed with Police Department personnel. All pertinent parties involved in the process were copied on this email (See 8/2/23 email attached.)

Recap of Policy and Procedure:

1. The email received by the Police Clerk from ODM each Friday will be printed and the dollar amounts recorded in the appropriate revenue lines on the deposit transmittal. The ODM email will be attached to the deposit transmittal.
2. The backup excel spreadsheet submitted by ODM in their Friday email will be modified to fit into a standard/readable spreadsheet format and attached to the deposit transmittal.
3. The deposit transmittal will be signed by both the preparer and the supervisor.
4. A copy will be maintained by either the clerk or Police Captain for their files.
5. The entire deposit transmittal packet will be submitted by the Police Clerk via interoffice mail (or in person, but not required) to Finance for input into MUNIS. (No staples please as we scan the packet. Paperclip only.)
6. It is required that the deposit transmittal packet be submitted to Finance within 1 week of receipt of the email from ODM in order to avoid missing transmittals in the future.

From: Saxl, Concetta
To: [Kalamaras, Robert](#)
Cc: [Schmitt, Jared](#); [Bosse, Caitlin](#)
Subject: ODM (Off Duty Management) Deposit Transmittals - FY23
Date: Tuesday, August 1, 2023 2:31:00 PM
Attachments: [ODM RECONCILIATION - BANK DEPOSITS TO BOOKS FY23.pdf](#)
[RE ODM Deposit - November 29 2023.msg](#)
[20230721090010.pdf](#)

Hello Chief,

Please find attached a reconciliation that I prepared which compares ODM (Off Duty Management/outside police services) bank deposits to transmittals prepared by your department and submitted to Finance for entry into MUNIS for FY23. The reconciliation shows that there is a net difference of **\$512,378.90 that has not been recorded on our books** compared to the bank. The bulk of this difference consists primarily of deposit transmittals that have not been submitted by your department to Finance for entry into MUNIS. Please know that I inquired about the first significant difference of \$67,569 via email to Cheryl Coppola back in May but never received an answer. Other significant cash differences between transmittals and ODM deposits should be researched by your department to determine why they occurred. I am also attaching a sample transmittal from April that was submitted by your department to Finance. As you can see from this example, the backup does not contain a total amount that supports the total on the transmittal sheet. All backup must support the total reported on the transmittal.

In conclusion, Finance needs the missing transmittals as shown on the spreadsheet which are noted as "Not on Books" as soon as possible as we are closing out our books for FY23. If you or your staff requires assistance in preparing these, please let me know and I will be glad to help. Thank you.

Connie

Connie M. Saxl
Internal Auditor

Town of Fairfield

Sullivan Independence Hall

725 Old Post Road

Fairfield, CT 06824

Phone (203) 256-2919

Fax (203) 255-7380

**ODM - POLICE OUTSIDE SERVICES PAYROLL
RECONCILIATION OF BANK DEPOSITS TO MUNIS - FY23**

<u>DEPOSITED IN BANK</u>		<u>RECORDED ON BOOKS VIA DEPOSIT TRANSMITTAL</u>			<u>DIFFERENCE</u>	<u>AUDIT NOTE</u>
<u>DATE</u>	<u>AMOUNT</u>	<u>BATCH #</u>	<u>EFFECTIVE DATE</u>	<u>AMOUNT</u>		
9/12/22	\$ 52,696.50	4173951	9/9/22	\$ 52,696.50	\$ -	
9/14/22	\$ 875.50	4173952	9/13/22	\$ 875.50	\$ -	
9/16/22	\$ 72,296.50	4173953	9/16/22	\$ 72,296.50	\$ -	
9/21/22	\$ 3,099.00	4173954	9/20/22	\$ 3,099.00	\$ -	
9/26/22	\$ 59,917.25	4173955	9/23/22	\$ 59,917.25	\$ -	
10/3/22	\$ 89,111.75	4173956	9/30/22	\$ 89,111.75	\$ -	
10/11/22	\$ 94,849.75	4173957	10/7/22	\$ 94,849.75	\$ -	
10/17/22	\$ 80,768.00	4173958	10/14/22	\$ 80,768.00	\$ -	
10/24/22	\$ 81,244.75	4173959	10/21/22	\$ 81,244.75	\$ -	
10/31/22	\$ 80,598.50	4173960	10/28/22	\$ 80,598.50	\$ -	
11/7/22	\$ 71,916.25	4173962	11/7/22	\$ 71,916.25	\$ -	
11/14/22	\$ 71,530.50	4173963	11/14/22	\$ 71,530.50	\$ -	
11/21/22	\$ 66,858.50	4173964	11/21/22	\$ 66,758.50	\$ (100.00)	BOOKS UNDER
11/29/22	\$ 67,569.00				\$ (67,569.00)	NOT ON BOOKS
12/5/22	\$ 47,307.50				\$ (47,307.50)	NOT ON BOOKS
12/12/22	\$ 87,628.00	4174051	12/9/22	\$ 87,628.00	\$ -	
12/12/22	\$ 151.50				\$ (151.50)	NOT ON BOOKS
12/19/22	\$ 85,753.50	4174298	12/16/22	\$ 85,753.50	\$ -	
12/27/22	\$ 77,476.25	4174486	12/23/22	\$ 77,476.25	\$ -	
1/3/23	\$ 34,867.75	4174484	12/30/22	\$ 34,867.75	\$ -	
1/9/23	\$ 53,090.50	4174485	1/5/23	\$ 60,278.00	\$ 7,187.50	BOOKS OVER
1/17/23	\$ 88,797.00				\$ (88,797.00)	NOT ON BOOKS
1/23/23	\$ 107,568.50	4174729	1/20/23	\$ 107,568.00	\$ (0.50)	BOOKS UNDER
1/30/23	\$ 109,804.50	4174728	1/31/23	\$ 109,804.50	\$ -	
2/6/23	\$ 103,780.00	4174928	2/3/23	\$ 103,780.00	\$ -	
2/13/23	\$ 102,729.25	4174845	2/13/23	\$ 102,729.25	\$ -	
2/21/23	\$ 105,243.75	4174987	2/17/23	\$ 105,243.75	\$ -	
2/27/23	\$ 94,376.25	4175102	2/24/23	\$ 94,376.25	\$ -	
3/6/23	\$ 90,977.00	4175133	3/3/23	\$ 90,977.00	\$ -	
3/13/23	\$ 97,393.25	4175347	3/10/23	\$ 97,393.25	\$ -	
3/20/23	\$ 78,699.50	4175348	3/17/23	\$ 78,699.50	\$ -	
3/27/23	\$ 93,423.25				\$ (93,423.25)	NOT ON BOOKS
4/3/2023	\$ 87,470.75	4175719	4/7/23	\$ 87,470.75	\$ -	
4/10/2023	\$ 88,364.50				\$ (88,364.50)	NOT ON BOOKS
4/17/2023	\$ 73,385.00	4175717	4/15/23	\$ 78,343.60	\$ 4,958.60	BOOKS OVER
4/24/2023	\$ 69,227.75	4175718	4/21/23	\$ 77,283.50	\$ 8,055.75	BOOKS OVER
5/1/2023	\$ 86,700.00	4176111	4/28/23	\$ 86,700.00	\$ -	
5/8/2023	\$ 81,494.25	4176109	5/5/23	\$ 81,494.25	\$ -	
5/15/2023	\$ 104,707.75	4176112	5/12/23	\$ 104,707.75	\$ -	
5/22/2023	\$ 103,797.75	4176110	5/26/23	\$ 103,797.75	\$ -	
5/30/2023	\$ 87,253.25				\$ (87,253.25)	NOT ON BOOKS
6/5/2023	\$ 58,887.25				\$ (58,887.25)	NOT ON BOOKS
6/5/2023	\$ 624.00				\$ (624.00)	NOT ON BOOKS
6/12/2023	\$ 79,086.50	4176415	6/9/23	\$ 79,086.50	\$ -	
6/20/2023	\$ 82,510.00	4176416	6/16/23	\$ 82,510.00	\$ -	
6/26/2023	\$ 72,385.50	4176417	6/23/23	\$ 72,282.50	\$ (103.00)	BOOKS UNDER
	<u>\$ 3,428,293.25</u>			<u>\$ 2,915,914.35</u>	<u>\$ (512,378.90)</u>	NET - NOT ON BOOKS*

*** AS OF 6/30/2023**

<p style="text-align: center;">CMS 8/1/2023</p>

From: Saxl, Concetta
To: [Kalamaras, Robert](#)
Cc: [Granata, Antonio](#); [Coppola, Cheryl](#); [Bosse, Caitlin](#); [Schmitt, Jared](#)
Subject: Follow-Up: ODM (Off Duty Management) Deposit Transmittals - FY23
Date: Wednesday, August 2, 2023 12:26:00 PM

Hello Chief,

Please know that Cheryl Coppola and Captain Granata stopped by my office today and I received the FY23 deposit transmittals related to ODM revenue that were needed for input into MUNIS per my email of yesterday.

I reviewed the Finance Department deposit transmittal process and requirements with them as follows:

1. The email received by Cheryl from ODM each Friday will be printed and the dollar amounts recorded in the appropriate revenue lines on the deposit transmittal. The ODM email will be attached to the deposit transmittal.
2. The backup excel spreadsheet submitted by ODM in their Friday email will be modified to fit into a standard/readable spreadsheet format and attached to the deposit transmittal.
3. The deposit transmittal will be signed by both the preparer and the supervisor.
4. A copy will be maintained by either Cheryl or Captain Granata for their files.
5. The entire deposit transmittal packet will be submitted by Cheryl via interoffice mail (or in person, but not required) to Finance for input into MUNIS. (No staples please as we scan the packet. Paperclip only.)
6. It is required that the deposit transmittal packet be submitted to Finance within 1 week of receipt of the email from ODM in order to avoid missing transmittals in the future.

I appreciate the quick response from everyone. The transmittals will be promptly entered into MUNIS and the revenue will be reflected in the appropriate accounts today. Please feel free to contact me if you have any questions or require anything further. Thank you.

Connie M. Saxl
Internal Auditor

Town of Fairfield

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Town of Fairfield

Fairfield, Connecticut 06824

INTERNAL AUDIT DIVISION

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(203) 256-2919 (Office)

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To: Anthony Calabrese, Director of Recreation
From: Connie M. Saxl, Town Internal Auditor
Subject: Audit: Recreation Department Petty Cash Fund/Checking Account
Date: October 5, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-Committee and Board of Finance members and are posted under Audit Sub-Committee and Board of Finance – Backup on the Town of Fairfield website: www.fairfieldct.org
(Posted on website whenever reports on Internal Audit activities are made)

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AUDIT SCOPE AND PURPOSE

The Internal Audit Division completed its examination of the Recreation Department petty cash fund/checking account. The audit was conducted at the request of the Chief Fiscal Officer.

The scope of the audit included:

- A review of Petty Cash Reimbursement Voucher packages submitted by the Recreation Department to Finance for fund replenishment for fiscal year 2023.
- Confirming with the Recreation Department the total petty cash fund assigned to them.
- Reconciling the total petty cash fund to the amount recorded in the accounting general ledger.
- Reviewing department requests for replenishment along with corresponding backup documentation for purchases made with petty cash funds.
- Reviewing the Petty Cash Policy and Petty Cash Reimbursement Voucher form.
- Inquiries with Recreation Department personnel.

The purpose of the audit was to:

- Ensure that the total petty cash fund agrees to the accounting general ledger balance.
- Ensure that all purchases made with petty cash funds are evidenced by proper supporting documentation, i.e., sales receipts, invoices, etc.
- Expenditures are bona fide and for authorized Recreation Department purposes
- Ensure that receipts, invoice/sales slips, etc. made with petty cash funds are present and are reasonable for type of purchase made
- Ascertain that the petty cash fund assigned to the Recreation Department is adequate to fulfill the needs of the department

- Ascertain that the Recreation Department petty cash fund is used to the department's best advantage
- Identify and disclose any weaknesses existing in departmental internal controls and to advise where improvements among daily operations can be made in order to increase the department's efficiency and effectiveness



STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities to implement and maintain adequate internal control systems.



AUDIT FINDING #1

The Recreation Department maintains its own separate (internal) checking account at M&T Bank where they are authorized to maintain a petty cash fund in the amount of \$12,708.55. These funds are spent on Recreation Department programs, scholarships and other operational department expenses. All expenditures are charged to Fund 124 – Recreation Trust Fund. The purpose of this checking account is to facilitate Recreation Department related purchases thus allowing them to make immediate payment for goods and services to vendors.

Replenishments to the checking account are made via Petty Cash Reimbursement Voucher submitted to Finance along with appropriate supporting backup documentation. These are reviewed and approved by the Budget Director prior to replenishment by Finance.

A review of replenishments to the checking account showed that they totaled \$23,727.02 for fiscal year 2023 as follows:

Recreation - Replenishments to Checking Account – FY23

8/29/2022 - Wire Transfer	\$ 7,376.05
9/14/2022 - Wire Transfer	\$ 1,900.00
1/9/2023 - Wire Transfer	\$ 5,697.43
6/8/2023 - Ck 638261	\$ 8,753.54
	<u>\$ 23,727.02</u>

As can be seen above, the total of the four requests for replenishment to the checking account exceeded the authorized Petty Cash Fund amount by **\$11,018.47** for fiscal year 2023.

Further, neither an updated nor formal Recreation checking account/petty cash policy could be located and therefore, it could not be determined how often the fund should be replenished or even the parameters surrounding its acceptable or authorized use.

Internal Audit reviewed replenishments over the last three fiscal years for comparative purposes.

Department	FY 2021	FY 2022	FY 2023
Recreation Dept. - Rec. Trust	\$3,872.69	\$10,263.90	\$23,727.02

If the \$12,708.55 fund is authorized to cover **annual** expenses per fiscal year, then the fund was over-replenished in fiscal year 2023 and the department exceeded the authorized annual amount allotted. However, no updated/current formal policy, procedures or guidelines could be located, so the acceptable/appropriate parameters surrounding replenishment could not be evaluated by Internal Audit.



AUDIT RECOMMENDATION #1

It is recommended that the Recreation Department, in conjunction with the Finance Department, create a formal policy and procedures which details the parameters surrounding the use and associated replenishments of the Recreation Petty Cash Fund/Checking Account. This will ensure compliance with documented guidelines and give a clear-cut set of rules and expectations over the checking account use.



AUDIT FINDING #2

It was noted that the Recreation Department did not submit their bank statement from M&T Bank along with the monthly bank reconciliation for the Recreation Checking Account to Finance at the close of fiscal year 2023. Conversations with the Recreation Department disclosed that bank statements or bank reconciliations are not provided to the Finance Department.

A review of the June 30, 2023 bank reconciliation performed by the Recreation Department revealed that it contained errors. Internal Audit properly recreated the bank reconciliation and noted that the ending balance per bank and books was \$12,700.55 not \$12,708.55, resulting in an unaccounted discrepancy of \$8.

AUDIT RECOMMENDATION #2

At a minimum, it is recommended that the Recreation Department submit to Finance the year-end June bank statement and associated bank reconciliation for the Recreation Checking Account in order to ensure that monthly reconciliations are being performed and that there are no major differences between the checkbook balance and the balance per bank statement. The bank reconciliation should also be signed off as reviewed and approved by the Department Head prior to submission to Finance.

The Recreation Department's total Petty Cash Fund amount as recorded on the Petty Cash Reimbursement Voucher submitted to Finance should be changed to accurately reflect the new/correct balance of \$12,700.55 not \$12,708.55.



AUDIT FINDING #3

Internal Audit could not determine how or when the initial Recreation checking account/petty cash authorized amount of \$12,708.55 originated (now \$12,700.55 per last bank reconciliations of June 2023 and July 2023). Therefore, it could not be determined if the original amount of initial authorization was the same, greater or less.

AUDIT RECOMMENDATION #3

It is recommended that Finance maintain a comprehensive list of all departments, including the Recreation Department, who maintain checking account/petty cash funds (including change funds, i.e., funds on hand to make daily change to customers). The list and their amounts should be confirmed with departments and updated on an annual basis. All checking account/petty cash funds/change funds should be recorded in the accounting general ledger (MUNIS).



AUDIT FINDING #4

A review of all expenditures made from the Recreation petty cash fund/checking account were found to be properly made for recreational activities, programs and other appropriate department needs.

However, it was noted that payments to recipients of scholarships in the amount of \$1,000 per person did not have supporting documentation to validate the authorization for these payments from the checking account. These payments were evidenced by proper department head approval.

All other expenditures examined were evidenced by proper supporting backup documentation and contained proper department head approval.

AUDIT RECOMMENDATION #4

It is recommended that all scholarship payments made to individuals from the Recreation Department checking account be supported by proper supporting backup documentation validating the reason and justification for such payments.

This may be in the form of approved minutes or other documentation designating official approval by the Recreation Commission listing the names of the recipients who were awarded scholarships. This will ensure that only approved recipients receive scholarship payments from the Recreation petty cash fund/checking account.



CLOSING REMARKS

The Recreation Department Petty Cash Fund/Checking Account is being utilized in an efficient and effective manner consistent with the goals and objectives established by the Town of Fairfield. All petty cash fund/checking account expenditures subject to audit examination were deemed to be appropriate and for authorized departmental purposes. All expenditures examined, with the exception of scholarships, were properly substantiated by appropriate supporting documentation (i.e., customer receipts, invoices, sales slips, etc.).

I appreciate the assistance and cooperation received by the Director of Recreation and his entire staff during the course of the audit. I will be happy to assist Town management with the implementation of the recommendations made within this report and I look forward to working with you again in the future. Thank you.

History of Audit Report:

Draft Report sent to Department Head: September 7, 2023

Draft Report sent to CFO – September 7, 2023

Final Report sent to CFO with request for Distribution – September 15, 2023

Final Report Reviewed with CFO – October 2, 2023

Final Report Submitted to CFO with Request for Distribution – October 5, 2023

Town of Fairfield
Fairfield, Connecticut 06824
INTERNAL AUDIT DIVISION
(203) 256-2919 (Office)
(203) 256-3080 (Fax)
csaxl@fairfieldct.org

To: John Marsilio, Director of Public Works
John Cottell, Assistant Director of Public Works
From: Connie M. Saxl, Town Internal Auditor
Subject: FOLLOW UP on Audit Report Dated November 22, 2022: Town
Transfer Station – Surprise Cash Count and Evaluation of Internal
Controls
Date: October 3, 2023
Cc: Jared Schmitt, Chief Fiscal Officer
Brenda Kupchick, First Selectwoman
Thomas Bremer, Chief Administrative Officer
Cathleen Simpson, Director of Human Resources
All Internal Audit reports are distributed to the Audit Sub-
Committee and Board of Finance members and are posted as backup
whenever reports on Internal Audit activities are made. Backup
reports are located on the Town of Fairfield website:
www.fairfieldct.org

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**BACKGROUND & PURPOSE**

A follow-up audit was conducted per request of the Audit Sub-Committee relating to an audit report entitled “Town Transfer Station – Surprise Cash Count and Evaluation” final report dated November 22, 2022. See Appendix C for final audit report.

Audit findings and recommendations from the final audit report dated November 22, 2022 resulted from the discovery where the Department of Public Works Administration eliminated the secondary checkpoint at the Transfer Station. The secondary checkpoint served as an important internal control because it required



the guard to inspect customer receipts (plus other duties) thus ensuring that customers entering the Transfer Station had properly paid the cashier or weighed in at the Scale House. The elimination of the secondary checkpoint was not reported to Internal Audit at that time nor had other internal control measures been instituted by the Department of Public Works Administration to compensate for the loss of the secondary checkpoint.

The purpose of the follow-up audit was to examine management's compliance with audit findings and recommendations made within the final audit report dated November 22, 2022 and to further review all internal controls that the Department of Public Works Administration had implemented since the audit of November 2022 in order to safeguard Town assets, i.e., revenue collections at the Town Transfer Station.

It should be noted that the elimination of the secondary checkpoint was reported and discussed in detail with the Town independent/external auditor in October 2022. His independent/external audit report of the Public Works Department dated May 19, 2020 (report made upon the request of the Board of Finance) included a review of the Solid Waste and Recycling Department secondary checkpoint. The independent/external auditor agreed that the secondary checkpoint served as a vital internal control over the safeguarding of Transfer Station revenue collections and its importance should be further discussed with the Board of Finance.

*See Appendix A, page 13 for management response regarding "Background & Purpose".*

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STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.

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### **INTERNAL CONTROL DEFINED**

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization. Management must understand its responsibilities and must implement and maintain adequate internal control systems.

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AUDIT FINDING # 1

NON-COMPLIANCE TO AUDIT RECOMMENDATION #1 PER AUDIT REPORT DATED NOVEMBER 22, 2022: SCALE HOUSE DOOR NOT LOCKED.

I visited the Scale House on Monday, August 21, 2023. I noted that the door to the Scale House where the cashier and cash register are both located was ajar, i.e., the door was not fully closed. I freely entered the Scale House/cashier station without identification, however, the cashier remembered me from my prior visit in September 2022 and allowed me to come in.

See Appendix A, page 13 for management response regarding "Audit Finding #1".

AUDIT RECOMMENDATION # 1

It is recommended that the door to the Scale House be locked at all times during business hours for security reasons. The cashier should have a key to the door of the facility during the business day for reentry if he/she needs to leave for any reason.

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## **AUDIT FINDING # 2**

**NON-COMPLIANCE RELATING TO DEPARTMENT HEAD RESPONSE TO  
AUDIT RECOMMENDATION #2 PER AUDIT REPORT DATED  
NOVEMBER 22, 2022: CUSTOMER CASH REGISTER RECEIPTS NOT  
CHECKED.**

**COMPLIANCE TO INTERNAL AUDITOR RECOMMENDATION TO  
INSTALL VISIBLE SIGNAGE: "SCALE HOUSE RECEIPT REQUIRED TO  
ENTER FACILITY". (AUDIT RECOMMENDATION MADE AFTER REPORT  
PER MEETING WITH ASSISTANT DIRECTOR OF PUBLIC WORKS  
ADMINISTRATION.)**

**COMPLIANCE TO AUDIT RECOMMENDATION #2 PER AUDIT REPORT  
DATED NOVEMBER 22, 2022: ANALYSES PREPARED OF TOTAL  
TONNAGE OF WASTE ENTERING THE FACILITY BASED ON REVENUE  
GENERATED COMPARED TO TOTAL TONNAGE EXITING THE  
FACILITY.**

At the March 2, 2023 Audit Sub-Committee meeting, the Assistant Director of Public Works stated that cash register receipts were being checked at the Transfer Station to ensure that patrons were dumping their waste in the correct areas at the Transfer Station and also properly paying the cashier the required fee at the Scale House. "Board of Finance Audit Sub-Committee Meeting 3-2-2023 Regular Meeting" 00:47:50. Website: <https://www.fairfieldct.org/filestorage>.

I conducted a follow-up review on Wednesday, August 16, 2023 at 1:18pm at the Scale House located at the Town Transfer Station on 530 Richard White Way. I entered the Transfer Station as a Fairfield resident/customer with proper sticker along with residential garbage. I was charged \$6 for trash (cars) and paid with a \$20 bill. The cashier properly entered the correct fee and waste type into the cash register and I received the correct change back in return along with cash register receipt. I noted that the new cash register was in place and was fully operational.

As I entered the facility, I noted that the Transfer Station had properly posted visible signage stating "Scale House Receipt Required to Enter" (See Appendix B

for picture of signage). I parked at the trash disposal area where I was greeted by two transfer station attendants (one full-time and one part-time employee). I was the only customer disposing trash at that time. I made two trips back and forth from my car to the disposal container and dumped my garbage. No Transfer Station Attendants asked to check my cash register receipt to verify that proper payment had been made.

On July 3, 7, 8 and August 17, 2023, I sent a customer to the Transfer Station to dump his residential garbage and to pay cash for the fee each time. He was instructed to collect the cash register receipts and return them back to me along with a report of his experience. I was informed by the customer that he had paid the correct fee and properly received receipts from the cashier at the Scale House. However, at no time did any Transfer Station attendant ask to check his receipt to verify proper payment on any of the four days that he dumped garbage. (See Appendix B for customer report.)

I personally returned to the Transfer Station on Saturday, August 19, 2023 at 9:00am with a load of household trash that required the vehicle to be weighed on the scale. The Scale House cashier weighed the vehicle (no ticket given at that time due to need to reweigh) and he authorized me to enter the facility and dump my garbage. No one at the dumping area asked to see if I had a ticket or cash register receipt. I did not observe any other customers getting their receipts checked for proper payment by Transfer Station Attendants.

I also introduced myself to the Enviro employee working there that day. He showed me the manual daily log that he prepares. The log details the names of haulers that visit the Transfer Station and their estimated tonnage dumped. He told me that he emails this manual report to the Assistant Director of Public Works each day.

I exited the Facility and reweighed my vehicle to obtain the net tare weight, which resulted in a \$48 fee. I paid with a \$50 bill, the correct change was given and a proper weigh ticket/receipt was printed and given to me. (See Appendix B for receipts.)

Inquiries with other patrons of the Transfer Station revealed that their cash register receipts were never checked for payment prior to dumping their garbage either.

See Appendix A, page 14 for management response regarding “Audit Finding #2”.

### **AUDIT RECOMMENDATION # 2**

Customer revenue collections for fiscal year 2023 for the Transfer Station was reviewed to determine the amount of collections by payment type that transpired at the facility each month.

The following internal report, obtained from the Department of Public Works shows the breakdown of monthly revenue by collection type (cash/check/credit card/debit hauler).

Month/Year	Cash	Check	Credit Card	Total	Hauler/Misc
7/1-7/30/22	\$33,316.00	\$1,944.00	\$16,232.00	\$51,492.00	\$ 113,788.61
8/1-8/30/22	\$32,824.00	\$1,620.00	\$15,697.34	\$50,141.34	\$ 280,542.95
9/18-9/30/22	\$28,383.08	\$1,075.00	\$15,197.18	\$44,655.26	\$ 138,618.12
10/1-10/31/22	\$26,988.00	\$1,821.00	\$15,073.00	\$43,882.00	\$ 229,750.06
11/1-11/30/22	\$27,209.00	\$1,226.00	\$15,463.00	\$43,898.00	\$ 191,413.17
12/1-12/31/22	\$27,841.00	\$872.00	\$12,955.44	\$41,668.44	\$ 230,200.45
1/1/23-1/31/23	\$22,568.00	\$1,565.00	\$15,184.00	\$39,317.00	\$ 181,628.66
2/1-2/28/23	\$20,534.00	\$1,170.00	\$12,232.00	\$33,936.00	\$ 206,348.08
3/1-3/31/23	\$23,352.00	\$1,449.00	\$16,136.56	\$40,937.56	\$ 179,657.97
4/1-4/30/23	\$26,058.00	\$1,726.00	\$16,713.00	\$44,497.00	\$ 218,362.56
5/1-5/31/23	\$30,879.00	\$2,291.00	\$23,608.46	\$56,778.46	\$ 184,103.01
6/1-6/30/23	\$31,008.62	\$2,008.00	\$24,161.46	\$57,178.08	\$ 437,302.23
<b>Total</b>	<b>\$330,960.70</b>	<b>\$18,767.00</b>	<b>\$198,653.44</b>	<b>\$548,381.14</b>	<b>\$ 2,591,715.87</b>

Source: Department of Public Works

Note: Hauler Revenue pertains to debit hauler payments to accounts processed at DPW Administrative Offices.

Further analytical review of revenue recorded in MUNIS over the last four fiscal years revealed that overall revenue collections increased at the Transfer Station by 4.14% in fiscal year 2023 from the prior year.

See analytical review charts on following page.

<u>A/C #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
42143	TOWN DUMP - PERMITS	\$ 37,955.00	\$ 48,141.52	\$ 25,055.00	\$ 39,090.00
42338	TOWN DUMP - SCALE WEIGHING	\$ 2,733,048.15	\$ 2,561,287.40	\$ 2,528,773.91	\$ 2,572,472.68
42339	TOWN DUMP - ELECTRONICS	\$ 8,658.72	\$ 4,892.40	\$ 11,206.80	\$ 10,322.15
42340	TOWN DUMP - BULKY WASTE	\$ 60,298.03	\$ 62,796.13	\$ 55,566.00	\$ 42,155.00
42341	TOWN DUMP - METAL	\$ 76,350.69	\$ 117,944.85	\$ 100,430.36	\$ 66,638.97
42342	TOWN DUMP - TIRES	\$ 1,980.00	\$ 1,755.00	\$ 2,005.00	\$ 1,790.00
42343	TOWN DUMP - FUEL OIL	\$ -	\$ -	\$ 20.00	\$ 45.00
42345	TOWN DUMP - RECYCLABLES REBATE	\$ 35.00	\$ 2,957.28	\$ -	\$ -
42346	TOWN DUMP - FIXED INCOME	\$ 3,344.00	\$ 4,118.00	\$ 4,900.00	\$ 4,696.00
42347	TOWN DUMP - TEXTILES	\$ 876.00	\$ 817.50	\$ 1,524.75	\$ 1,455.00
42348	TOWN DUMP - FACILITY USE CHARGE	\$ 323,721.97	\$ 312,628.00	\$ 357,105.52	\$ 327,387.00
<b>GRAND TOTAL REVENUE:</b>		<b>\$ 3,246,267.56</b>	<b>\$ 3,117,338.08</b>	<b>\$ 3,086,587.34</b>	<b>\$ 3,066,051.80</b>
<b>DOLLAR CHANGE FROM PRIOR YEAR:</b>		<b>\$ 128,929.48</b>	<b>\$ 30,750.74</b>	<b>\$ 20,535.54</b>	
<b>PERCENT CHANGE FROM PRIOR YEAR:</b>		<b>4.14%</b>	<b>1.00%</b>	<b>0.67%</b>	

Source: MUNIS Financial/Accounting System

It should be further noted that Fees and Professional Services and Contracted Property Services expenses related to the removal and disposal of municipal waste and recycling\*\* increased 12.34% in fiscal year 2023 from the prior year as recorded in MUNIS as follows:

<u>A/C #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
53200	FEES AND PROFESSIONAL SERVICES	\$ 3,340,373.92	\$ 2,909,882.92	\$ 3,202,817.13	\$ 3,137,308.23
54010	CONTRACTED PROPERTY SERVICES	\$ 906,230.25	\$ 870,315.55	\$ 916,840.66	\$ 1,059,432.56
<b>GRAND TOTAL EXPENSE:</b>		<b>\$ 4,246,604.17</b>	<b>\$ 3,780,198.47</b>	<b>\$ 4,119,657.79</b>	<b>\$ 4,196,740.79</b>
<b>DOLLAR CHANGE FROM PRIOR YEAR:</b>		<b>\$ 466,405.70</b>	<b>\$ (339,459.32)</b>	<b>\$ (77,083.00)</b>	
<b>PERCENT CHANGE FROM PRIOR YEAR:</b>		<b>12.34%</b>	<b>-8.24%</b>	<b>-1.84%</b>	

Source: MUNIS Financial/Accounting System

\*\*These general ledger accounts also include expenses for food scrap disposal, janitorial services, public safety & control and credit card fees.

Internal Audit inquiries with the Assistant Director of Public Works revealed that the large increase in expense in FY23 was due to the increase in fees charged by the companies who pick up, process and dispose Town waste & recycling from our facility. This was further verified by a review of the detail of vendors paid by fiscal year in MUNIS. In addition, he prepares analyses of revenue per tonnage received versus tonnage disposed, which is a strong internal control that will capture anomalies occurring at the Transfer Station.

Due to the materiality of the amount of revenue collected at the Transfer Station, it is recommended that, **at a minimum**, the random checking of customer receipts be conducted by Scale House Attendants on a daily basis to ensure that customers are properly paying the required fee to the cashier. The receipts examined by Transfer Station attendants should be retained and submitted to the Assistant Director of Public Works at the close of each business day to ensure that this important function is being performed.

Adherence to this recommendation will assist in strengthening internal controls over revenue collections (both cash/check/credit and debit hauler) and will also prevent customers from dumping garbage without making proper payment with the Scale House cashier.

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AUDIT FINDING # 3

NON-COMPLIANCE TO DEPARTMENT HEAD RESPONSE TO AUDIT RECOMMENDATION #2 PER AUDIT REPORT DATED NOVEMBER 22, 2022: DAILY RECONCILIATIONS BETWEEN ENVIRO REPORT TO TRUCK CYCLE TIME REPORT NOT PERFORMED.

It was noted that customers who weigh-in on the scale side of the cashier station (this is required to obtain a customer gross tare weight, i.e., weight of vehicle plus garbage) do not receive a ticket from PC Scale showing that they initially weighed in upon entry into the facility. After initial weigh-in, the customer proceeds to the dumping area and then upon exiting, reweighs on the scale and pays the required fee.

This is a weakness in internal control because there is no way to determine if the cashier properly weighed the customer upon initial entry and also whether the customer properly paid the required fee on the way out.

In February 2023, in an effort to establish an internal control over this, the Assistant Director of Public Works stated that he would periodically prepare a daily reconciliation of a Truck Cycle Time Report obtained from the PC Scale system to the manual report maintained by Enviro personnel at the dumping area to make sure that the two agreed. However, this reconciliation is flawed because the

manual Enviro report only tracks large haulers and estimated tonnage and not household trash. (Enviro prepares this report so they can determine when the dumping container meets maximum weight and needs to be emptied into a trailer.) The Enviro report does not capture residential pickup trucks, vans, SUV's or small trailers that weigh in over the scale. These particular vehicles would never be captured in the DPW reconciliation. Further, the Enviro report is not signed by their employee.

I visited the DPW Garage on August 21, 2023 and requested to review the most recent reconciliations prepared by the Assistant Director of Public Works to ensure that this procedure was being done. The last reconciliation on file in the Department of Public Works administrative office was dated six months ago in February 2023. I was told that one had been done approximately a month ago, however it could not be located.

AUDIT RECOMMENDATION # 3

Ideally, a \$0 reweigh ticket should be printed directly from the PC Scale System by the cashier (not a zero-dollar ticket from the cash register since this is not directly linked to the PC Scale system) and handed to the customer of every vehicle prior to entry into the Transfer Station. This customer reweigh ticket should be checked by a Transfer Station attendant prior to dumping garbage to show that they properly stopped on the scale and weighed their gross tare weight.

Upon exiting, customers should be required to reweigh on the scale to get a net tare weight and a ticket should be printed from PC Scale system designating the tonnage dumped and the associated fee paid.

If the aforementioned audit recommendation is not deemed feasible by Town management, then the daily reconciliation between the manual Enviro report and the Truck Cycle Time Report should be performed on a daily basis. At a minimum, this will ensure that large haulers are properly weighing in on the scale.

See Appendix A, page 14 for management response regarding "Audit Recommendation #3".


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#### **AUDIT FINDING # 4**

#### **COMPLIANCE TO AUDIT RECOMMENDATION #3 PER AUDIT REPORT DATED NOVEMBER 22, 2022: NEW CASH REGISTER IMPLEMENTED AND PROPERLY FUNCTIONING.**

I visited the Scale House on Monday, August 21, 2023. I noted that a new cash register had been purchased and was fully functional and in operation. The Scale House cashier relayed that the new cash register was much faster and easy to use.

No audit recommendation made for Finding #4.

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OTHER AUDIT OBSERVATIONS

1. It was noted that the cash register is not directly linked to the PC Scale system. It serves only as a separate, standalone system.
2. A second cash register was purchased to serve as a backup in case the one that is currently in operation at the Scale House fails for any reason.
3. The cash register and PC Scale system are "Closed-out" at the end of the business day and proper close-out reports are printed and reconciled to daily collections. Bank deposits are made on a daily basis and corresponding deposit transmittals are prepared and forwarded to Finance for entry into the MUNIS accounting system by revenue type and amount on a timely basis.

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#### **CLOSING REMARKS**

The cooperation received by the employees who work at the Transfer Station and the Assistant Director of Public Works is greatly appreciated. I am more than happy to work with the Department of Public Works Administration in assisting with the implementation of any recommendation made within this report. Questions surrounding this report and Transfer Station operations should be addressed to the Internal Auditor **and** the Interim Director of Public Works,

Assistant Director of Public Works and Chief Fiscal Officer so inquiring parties receive the best possible information available. Thank you.

History of Audit Report:

Draft Audit Report Submitted to CFO for review: August 24, 2023  
Meeting, Distribution and Discussion of Draft Report with Internal Auditor, CFO, Interim Director of Public Works and Assistant Director of Public Works: September 1, 2023

Auditee Response Received: September 28, 2023

Draft Report 2 with Auditee Response to CFO: September 29, 2023

Draft Report 2 with Auditee Response Reviewed with CFO: October 2, 2023

Final Audit Report Submitted to CFO: October 3, 2023

**APPENDIX A**  
**MANAGEMENT RESPONSE TO FOLLOW-UP AUDIT REPORT**

DT: September 27, 2023

TO: Connie Saxl, Internal Auditor

FR: John F. Cottell Jr., Assistant Director Public Works

Cc: John Marsilio, Director Public Works  
Jared Schmitt, Director Finance

RE: Responses to Internal Audit Follow-up on August 21, 2023

#### BACKGROUND AND PURPOSE :

The audit states that “the secondary checkpoint served as an important internal control” and “the Department of Public Works Administration eliminated the secondary checkpoint at the Transfer Station.” To clarify, the secondary checkpoint was not eliminated but, instead relocated to eradicate a dangerous situation and create a safer environment for the employees and the residents. This relocation also allowed the second checker to be more effective in assuring Transfer Station users’ compliance to the rules, regulations and fee structure while maintaining internal controls and increasing revenue collections.

Additional internal controls had been implemented. Remote monitoring from the Assistant Public Works Director’s desk has been installed along with an increase in the number of cameras filming transfer station activities. From his desk using both the monitors and the PC Scale program, the Assistant Director verifies both in real time or at a later date that users and employees are adhering to proper protocols. The Assistant Public Works Director conducts regular on-site visits at which there is significant monitoring of operations and compliance; based on employee comments, the level of monitoring by the Assistant Public Works Director far exceeds that which was done by his predecessor and Solid Waste and Recycling Director. The Lead Scale Operator is also monitoring for proper controls and adherence to regulations splitting her time between the scale house and the drop off areas. A second Scale House Operator is assigned in the scale house to assure compliance and efficiently serve our residents on Saturdays. The relocated position of the second checker allows for line of site verification that users are stopping at the scale house prior to entry. A walkie-talkie communication system between the second checker and the scale house operator is used to confirm that visitors are fully declaring their chargeable items as well as alert each other when someone attempts to bypass the Scalehouse.

#### FINDINGS #1: Scale House Door Not Locked

The recommendation is that the door to the Scale House “be locked at all times during business hours for security reasons.” The Scale House has two doors; one at the front facing the scale which the scale operator uses to inspect the loads and the other is a rear door. The rear door is maintained locked. Due to the high frequency of the scale house operator exiting and entering to inspect the loads of the

vehicles being weighed, it becomes impractical to lock this door during operation. Note that this front door is locked whenever the Scalehouse operator is alone and leaves the scale area.

**FINDING #2: Customer Cash Register Receipts Not Checked.**

The conclusion that we are not checking receipts is incorrect. We are checking up on each other as well as the visitors. The second checker does regularly check tickets, particularly of people disposing of items other than household garbage. The above mentioned walkie-talkies enables the second checker to communicate with the Scalehouse. If someone who is reweighing has something unusual, the second checker is able to make sure the Scalehouse operator knows of this since the item may have been buried under other trash. The Scalehouse operator then adjusts the weight ticket accordingly to account for the actual material deposited when the customer returns to the scale to obtain the tare weight and final charge. Those individuals who entered via the Facility Use Charge window are instructed to return to the scale house upon exiting to pay for the originally undeclared items. In doing so, we are looking out for the best interest of the town and have captured increased revenue that was previously missed by the previous Management. We have caught a person who entered through the bus company parking lot and attempted to dump garbage as they entered at the Haulers entrance. When approached and unable to provide a receipt, they were sent back to the Scalehouse. It is undetermined how often this occurred prior to the new traffic pattern and the relocation of the second checker to where he is able to observe these violations. We also found by our oversight that there were people who believed that they were helping the town by bringing their recyclables here and that they were entitled to drop off garbage for free. Others felt that since they paid the \$6.00 for regular trash it allowed them to bring in bricks and other bulky more expensive materials. We found some customers believing that fire extinguishers and propane tanks were free recycling items while others felt refrigerant items had no extra cost due to the fact they believed they were considered free electronic recycling. These previous losses occurred because the resident did not declare them at the Scalehouse and were hidden out of sight from the Scalehouse Operator. It was the second checker who caught these items and confronted the customer. Currently we are averaging approximately \$100.00 per week due to our added enforcement.

**Audit Recommendation #3:** "\$0.00 reweigh ticket should be printed directly from the PC Scale System"

PC Scale does not provide for a \$0.00 reweigh ticket. Therefore under the previous manager the cash register was used to print out a \$0.00 reweigh ticket that in turn was handed to the original second checker and discarded. I would welcome the Internal Auditor's knowledge on the PC Scale System if she knows of an effective way in PC Scale to accomplish this.

Since the follow-up audit we have reinstituted a \$0.00 reweigh ticket printed from the cash register and collected at the end of their visit for those entering via the new ramp. It was determined that this is necessary in order for these customers to comply with the new signage of having a receipt to enter along with showing the second checker when confronted.

Management is evaluating the need for additional staffing should additional controls be warranted.

**APPENDIX B**

**PICTURE OF NEW SIGN POSTED AT TRANSFER STATION**

**&**

**REPORT FROM INDEPENDENT CUSTOMER AND RECEIPTS OBTAINED  
DURING AUDIT REVIEW**



### Fairfield Waste and Recycling Observations

On 7/3, 7/7 and twice on 7/8/23, I disposed of old files which needed to be incinerated. Each of these car loads was large, so each time I weighted the car on the truck scale both before and after the disposal. My vehicle plate number was taken down by the employee operating the scale. Each time I paid the bill with cash. Each time I was given an accurate receipt. That said, I was never given a receipt when I weighed in, nor was I ever asked to show that I had weighted in before disposing of the old files.

On 8/17/23 I brought a small car load from a basement clean out. I paid the \$6 fee to the one town employee in the entrance area, was given an accurate receipt, and drove to the drop off point to dispose of my trash. There were three people sitting there on this slow Thursday morning, but there were no other cars or trucks in the area at this time which was about 9:15 a.m. One worker was in a chair a few feet from where the trash was dropped into the dumpster. A second worker was near the metal drop off area to the right of the drop off as you face it. The third worker was in an open garage area across from the drop off. As I left, I circled down around the recycle area where one citizen was dropping things into a recycle bin. No workers were in that area. At no time, did any worker look at or ask for my receipt.



TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754661  
Date: 7/7/2023  
Time: 07:24:38 - 07:40:42

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

Origin	Materials & Services	Quantity Unit	Rate/Unit	Amount
NA/Not Applicable	1/ASW-CRV	0.3825 FFU	\$6.00/FFU	\$48.00

Total Amount: \$48.00  
Cash: \$48.00  
Change: \$0.00

Driver: Deputy Weighmaster: LISA G

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754407  
Date: 7/3/2023  
Time: 10:00:58 - 10:23:19

Scale  
Gross: 5540 lb In Scale 1  
Tare: 4730 lb Out Scale 1  
Net: 810 lb



Comment:

Origin	Materials & Services	Quantity Unit	Rate/Unit	Amount
NA/Not Applicable	1/ASW-CRV	0.4050 FFU	\$6.00/FFU	\$54.00

Total Amount: \$54.00  
Cash: \$54.00  
Change: \$0.00

Driver: Deputy Weighmaster: LISA G

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754776  
Date: 7/8/2023  
Time: 11:32:19 - 11:52:14

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

Origin	Materials & Services	Quantity Unit	Rate/Unit	Amount
NA/Not Applicable	1/ASW-CRV	0.3825 FFU	\$6.00/FFU	\$48.00

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_ Deputy Driver/Recorder: Frank M

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 754767  
Date: 7/8/2023  
Time: 10:22:32 - 10:42:55

Scale  
Gross: 5460 lb In Scale 1  
Tare: 4695 lb Out Scale 1  
Net: 765 lb



Comment:

Origin	Materials & Services	Quantity Unit	Rate/Unit	Amount
NA/Not Applicable	1/ASW-CRV	0.3825 FFU	\$6.00/FFU	\$48.00

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_ Deputy Driver/Recorder: \_\_\_\_\_

TOWN OF FAIRFIELD  
SOLID WASTE & RECYCLING  
DATE 08/17/2023 THU TIME 08:4

TRASH (CARS)	\$6.0
TOTAL	\$6.0
CASH	\$6.0

	HOURS	
	MON-FRI\7AM-3PM	
	SAT\--AM-12PM	
CLERK 1	No.000023	0000

TOWN OF FAIRFIELD  
SOLID WASTE & RECYCLING  
DATE 08/16/2023 WED TIME 13:18

TRASH (CARS)	\$6.00
TOTAL	\$6.00
CASH	\$6.00

HOURS  
MON-FRI\7AM-3PM  
SAT\AM-12PM

CLERK 1 No.000159 00000

TOWN OF FAIRFIELD SOLID WASTE&RECYCLING  
725 OLD POST ROAD  
Fairfield, CT 06824  
Phone: (203) 256-3023

Truck: AF48319  
Customer: 100/C.O.D

Ticket: 757160  
Date: 8/19/2023  
Time: 09:00:15 - 09:10:41

Scale  
Gross: 5410 lb In Scale 1  
Tare: 4655 lb Out Scale 1  
Net: 755 lb



Comment:

Origin	Materials & Services	Quantity Unit	Rate/Unit	Amount
NA/Not Applicable	1/ASW-CRV	0.3775 FFU	\$6.00/FFU	\$48.00

Total Amount: \$48.00  
Cash: \$50.00  
Change: \$0.00

Driver: \_\_\_\_\_

Deputy Weighmaster:  
DRIVER RECEIPT

George F

**APPENDIX C**

**TOWN TRANSFER STATION - SURPRISE CASH COUNT AND  
EVALUATION OF INTERNAL CONTROLS - FINAL REPORT DATED  
NOVEMBER 22, 2022**

Town of Fairfield  
Fairfield, Connecticut 06824  
INTERNAL AUDIT DIVISION  
(203) 256-2919 (Office)  
(203) 256-3080 (Fax)  
csaxl@fairfieldct.org

**To:** John Marsilio, Director of Public Works  
**From:** Connie M. Saxl, Senior Internal Auditor  
**Subject:** Town Transfer Station – Surprise Cash Count and Evaluation of Internal Controls  
**Date:** November 22, 2022  
**Cc:** Jared Schmitt, Chief Fiscal Officer  
John Cottell, Assistant Director of Public Works  
Lisa Gndt, Lead Scale House Operator



**BACKGROUND & PURPOSE**

Internal Audit conducted a surprise cash count on Thursday, September 1, 2022 at 2:55pm at the Scale House located at the Town Transfer Station on 530 Richard White Way. (Transfer Station closing hour is 3:00pm that day.)

**Definition:**

A surprise cash count is the unscheduled counting of funds collected by cashiers on a particular day and reconciling them to end of day reports and cash register tapes. Further, the surprise cash count allows the auditor the opportunity to closely examine the internal control procedures used in collecting, closing out, reconciling, balancing and depositing daily collections. The aim is to identify any weaknesses that could make assets (revenue collections) vulnerable and to identify areas where internal controls may be strengthened.



### STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed in order to afford a reasonable basis for judgements and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy audit objectives.



### INTERNAL CONTROL DEFINED

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations. It consists of all the methods used to safeguard assets, to promote accuracy and reliability of the organizations accounting data and records, to encourage compliance with all policies and procedures prescribed by management and to promote the operational efficiency of the organization.

**Management should understand its responsibilities to implement and maintain adequate internal control systems.**





### **FINDING # 1**

The door to the Scale House where the cashier, cash register and daily cash collections is located is not locked during business hours. It is a small, approximately 150 square foot facility where the cashier's back faces the rear door when working. Unauthorized persons could easily walk into this location and thus make cashiers vulnerable to robbery, theft or other wrongdoing.

### **RECOMMENDATION # 1**

It is recommended that the door to the Scale House be locked at all times during business hours for security reasons. The cashier should have a key to the door of the facility during the business day for reentry if he/she needs to leave for any reason.



### **FINDING # 2**

Internal Audit met with the Lead Scale House Operator during the surprise cash count and requested the yellow copies of the tickets maintained by the Guard House Attendant (Guard) at the secondary checkpoint for that day to ensure that this internal control was in place and properly functioning. Internal Audit was told that the Guard at the secondary checkpoint was being "phased-out" and that he does not work on Thursdays. Internal Audit then requested the work schedule of the Guard at the secondary checkpoint. Based on this schedule, it was determined that there is no secondary checkpoint for a total of 25.5 business hours per week. The schedule is as follows:

<b>Business Day</b>	<b>Hours of Business Operation</b>	<b>Hours Where Secondary Checkpoint Operational</b>	<b>Business Hours With an Unmanned Secondary Checkpoint</b>
Monday	7am – 3pm	7am – 12pm	3 Hours
Tuesday	7am – 3pm	7am – 12pm	3 Hours
Wednesday	7am – 3pm	7am – 11:30am	3.5 Hours
Thursday	7am – 3pm	---	8 Hours
Friday	7am – 3pm	---	8 Hours

Saturday	7am – 12pm	7am – 12pm	0 Hours
<b>Total Hours</b>	<b>45 Hours</b>	<b>19.5 Hours</b>	<b>25.5 Hours</b>

It was further noted that the Lead Scale Operator, who is also the head supervisor of the Transfer Station does not work on Wednesday's, which is the same day that the Guard at the secondary checkpoint works from 7am to 11:30am and is unmanned for 3.5 hours although a part-time cashier is present that day.

The phasing-out of the Guard House Attendant at the secondary checkpoint and the accompanying failure to replace this internal control with a compensating one results in an overall decrease in internal controls governing revenue collections and associated dumping of waste at the Town Transfer Station.

## **RECOMMENDATION # 2**

It is recommended that management review the importance of the role of the Guard House Attendant as outlined below in relation to the total dollar value of revenue collected by the Town Transfer Station. Management should either reestablish the position to cover all business hours of operation or implement other internal control measures to ensure that revenue collections are properly collected and safeguarded.

### **I. Roles and Responsibilities of the Guard House Attendant**

1. Serves as a vital internal control to ensure that each customer has properly paid the required fee (regardless of payment type – cash, check, debit hauler) and if applicable, has properly weighed their vehicle with the Scale House Operator prior to entry into the facility.

**Cash Register Side of Scale House:** All customers receive a two-part cash register receipt designating that they have paid their required fee. The yellow copy of the receipt is handed to the Guard House Attendant prior to entry into the facility.

**Scale Weighing Side of Scale House:** All customers must weigh the gross tare weight of their vehicle on the scale. Once weighed, they receive a two-part reweigh ticket printed from the cash register. The white copy is handed to the Guard House Attendant prior to entry into the facility.

Customers without a cash register receipt or reweigh ticket from the Scale House are **not allowed access** to dump in the Facility.

2. Checks each customer's cash register receipt to ensure that the correct date, waste type and dollar amount is charged prior to entry into the facility. A cursory review of the contents of the vehicle is also conducted to ensure that the two agree.
3. Checks each reweigh ticket to ensure that the correct date and description is designated on it to ensure that they have properly weighed-in at the Scale House (scale side) prior to customer entry into the Facility.
4. Serves as patrol and prevents unauthorized entry to customers who bypass the Scale House.
5. Monitors the waste, oil and antifreeze disposal container located at the site and reports dumping issues.
6. Monitors the recycling area and instructs residents to pay the scale house cashier the proper fee if found also dumping garbage.
7. Answers customer questions and directs them to the correct location within the Facility for proper dumping of waste.
8. Relieves the Scale House Operator for lunch and bathroom breaks.
9. Grants or denies vehicle access to persons who wish to enter the Department of Public Works Garage and their accompanying offices and parking lot, which houses heavy machinery and equipment.

## **II. Cost of Part-Time Payroll for the Guard House Attendant over the Last 3 Fiscal Years**

Each part-time position serves interchangeably as both Guard House Attendant and Scale House Operator/Cashier.

The total cost of part-time payroll for five positions during last 3 fiscal years when all hours of operation were covered by the Guard House Attendant:

<u>PT PAYROLL EXPENSE</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PART-TIME PAYROLL	\$63,358.24	\$62,931.79	\$67,428.60
SOCIAL SECURITY	\$918.69	\$912.51	\$977.71
<b>GRAND TOTAL PT PAYROLL:</b>	<b>\$64,276.93</b>	<b>\$63,844.30</b>	<b>\$68,406.31</b>

PERCENT CHANGE FROM PRIOR YEAR:      0.68%      -6.67%

### III. Total Revenue Collected at the Solid Waste & Recycling Facility over the Last 3 Fiscal Years:

<u>A/C #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
42143	TOWN DUMP - PERMITS	\$ 48,141.52	\$ 25,055.00	\$ 39,090.00
42338	TOWN DUMP - SCALE WEIGHING	\$ 2,561,287.40	\$ 2,528,773.91	\$ 2,572,472.68
42339	TOWN DUMP - ELECTRONICS	\$ 4,892.40	\$ 11,206.80	\$ 10,322.15
42340	TOWN DUMP - BULKY WASTE	\$ 62,796.13	\$ 55,566.00	\$ 42,155.00
42341	TOWN DUMP - METAL	\$ 117,944.85	\$ 100,430.36	\$ 66,638.97
42342	TOWN DUMP - TIRES	\$ 1,755.00	\$ 2,005.00	\$ 1,790.00
42343	TOWN DUMP - FUEL OIL	\$ -	\$ 20.00	\$ 45.00
42345	TOWN DUMP - RECYCLABLES REBATE	\$ 2,957.28	\$ -	\$ -
42346	TOWN DUMP - FIXED INCOME	\$ 4,118.00	\$ 4,900.00	\$ 4,696.00
42347	TOWN DUMP - TEXTILES	\$ 817.50	\$ 1,524.75	\$ 1,455.00
42348	TOWN DUMP - FACILITY USE CHARGE	\$ 312,628.00	\$ 357,105.52	\$ 327,387.00
<b>GRAND TOTAL REVENUE:</b>		<b>\$ 3,117,338.08</b>	<b>\$ 3,086,587.34</b>	<b>\$ 3,066,051.80</b>

PERCENT CHANGE FROM PRIOR YEAR:      1.00%      0.67%

### IV. Cost of part-time payroll expense as a percent of revenue over the last 3 fiscal years:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
PT PAYROLL EXPENSE AS A % OF REVENUE:	2.06%	2.07%	2.23%

As shown in the cost-expense analyses provided, the part-time payroll expense incurred by the utilizing the Guard House Attendant during all

hours of business operation represents a little over 2% of total revenue collected.

If the Guard House Attendant is not re-established to be on duty during all business hours, then DPW management should, at a minimum, implement quarterly analyses of total tonnage entering the facility (based on revenue generated) compared to total tonnage of waste exiting the facility for disposal. If more tonnage is being disposed than the recorded as collected then this signals a problem, which should be investigated.



### **FINDING # 3**

Discussions with the Lead Scale House Operator revealed that the two-part (white and yellow) cash register tape is currently obsolete and can no longer be purchased. A small supply remains on-hand at the scale house, which will last until the end of the calendar year. Furthermore, the cash register is approximately 15 years old and is approaching the end of its useful life.

### **RECOMMENDATION # 3**

The Town should purchase a new cash register as soon as possible. The printed white cash register receipt should be given to customers at time of payment and can be handed to the Guard House Attendant for entry into the facility (as long as the second checkpoint continues to be used). Furthermore, the new cash register should allow for direct customer credit card payment/swipe thus eliminating the need for the hand-held credit card reader.

It should be noted that PC Scale also has an add-on for collecting credit card payments and should be explored as an option to accept customer credit card payments.



## **AUDIT FINDINGS REPRESENTING STRONG INTERNAL CONTROLS**

1. Strong Internal Control - Detailed written cash register/PC Scale close-out instructions were available for cashiers to follow.
2. Strong Internal Control - The cash register/PC Scale computer program is closed-out at the end of each business day. Detailed cash register tapes along with the end of day cash register reconciliation, close out cash register tape & PC Scale report are sent to DPW Administration office for daily bank deposit. No discrepancies were noted between cash and checks collected compared to the close-out cash register tape and PC Scale report during the surprise cash count.
3. Strong Internal Control - Hand held credit card readers are properly locked in a tamper-proof safe at the close of each business day.
4. Strong Internal Control - The Scale House is properly alarmed with a security system and security cameras.



## **CLOSING REMARKS**

The Internal Audit Division appreciates the cooperation received and enjoyed working with the involved parties at the Town Transfer Station. I am available to assist with the implementation of any of the audit recommendations made within the report in order to strengthen internal controls at the Town Transfer Station. I look forward to working with you again in the future. Thank you.

**Town of Fairfield**  
**Solid Waste and Recycling**

**DT:** November 18, 2022  
**TO:** Connie M. Saxl, Senior Internal Auditor  
**CC:** John Marsilio, Director of Public Works  
Jared Schmitt, Chief Fiscal Officer  
Lisa Gndt, Lead Scale House Operator  
**FR:** John F. Cottell Jr, Assistant Director Public Facilities

**RE: Fairfield Transfer Station Surprise Audit**

The following is a response to the surprise audit that occurred on Thursday, September 1, 2022 at 2:55

**Finding # 1** - Rear door to the scale house that is located to the back of the cashier was not locked.

This door is normally maintained locked. Training of the newly hired scale operator was in process with two people in the scale house at the time of the audit. Security controls of maintaining the door locked have been emphasized to the scale operators.

**Finding # 2**- Guard House Attendant located at the street entrance phased out.

To improve the overall safety operations at the transfer station, a new traffic pattern has been instituted. See attached layout. This new pattern separates the traffic flow of the heavy commercial trucks and the residential non hauler licensed vehicles. A new entrance located near the scale house was constructed to facilitate the separation while maintaining proper monitoring controls. The attendant that was originally located in the guard house along the street has been relocated next to transfer station building where he can provide better inspection of recycling and waste deposits. In addition this enables increased interaction with the residents for guidance and compliance along with spot checking of scale house issued receipts. The traffic flow has also been designed to provide one way direction which reduces confusion and fender benders. We have received positive feedback from both residents and staff regarding the new traffic pattern.

The below is our Lead Scale House Operator's experienced response to the auditor's list of Roles and Responsibilities of the Guard House Attendant of which I concur. Her responses are in blue type.

## RECOMMENDATION # 2

It is recommended that management review the importance of the role of the Guard House Attendant as outlined below in relation to the total dollar value of revenue collected by the Town Transfer Station. Management should either reestablish the position to cover all business hours of operation or implement other internal control measures to ensure that revenue collections are properly collected and safeguarded.

### I. Roles and Responsibilities of the Guard House Attendant

1. Serves as a vital internal control to ensure that each customer has properly paid the required fee (regardless of payment type – cash, check, debit hauler) and if applicable, has properly weighed their vehicle with the Scale

House Operator prior to entry into the facility. *Not true, as anyone working at the scale house can give the person a ticket for a non-paid item, the person sitting in the guard shack does not have an adequate view to police where and what the person is dumping.*

Cash Register Side of Scale House: All customers receive a two-part cash register receipt designating that they have paid their required fee. The yellow copy of the receipt is handed to the Guard House Attendant prior to entry into the facility. *With the new configuration of transfer station, we have better traffic flow, people have to enter behind the scale house, the guard shack up top gives a better view of who is entering the facility and whether they stopped at the scale house, plus we have a better control of what is being dumped. As everyone who enters the transfer station is given a receipt, of which we reserve the right to double check them, people who ask to dump something that has an extra charge, we direct them back to the scale house for payment.*

Scale Weighing Side of Scale House: All customers must weigh the gross tare weight of their vehicle on the scale. Once weighed, they receive a two part reweigh ticket printed from the cash register. The white copy is handed to the Guard House Attendant prior to entry into the facility. *Never has the white copy been turned in to the guard shack, always the yellow copy. As it was stressed, if they didn't turn in the yellow receipt the resident might reuse it.*



Customers without a cash register receipt or reweigh ticket from the Scale House are not allowed access to dump in the Facility.

2. Checks each customer's cash register receipt to ensure that the correct date, waste type and dollar amount is charged prior to entry into the facility. A cursory review of the contents of the vehicle is also conducted to ensure that

the two agree. *Doubtful, this job was always considered the brainless job. Person sitting inside did not have enough of view of the vehicle to see inside. As for the first year I was here it was mostly manned by older special cops, who barely payed attention, previous to this it was the oldest person's job to sit in the booth and collect tickets.*

3. Checks each reweigh ticket to ensure that the correct date and description is designated on it to ensure that they have properly weighed-in at the Scale

House (scale side) prior to customer entry into the Facility. *Doubtful, with a lot of trucks reweighing at the same time and a lot of trucks that look the same, no one working that far away can keep track of who needs to reweigh or not.*

4. Serves as patrol and prevents unauthorized entry to customers who bypass

the Scale House. *With the new configuration anyone bypassing the scale house will not be able to enter the area to dump household garbage, plus they become real visible to those working up top and are directed back to the scale house.*

5. Monitors the waste, oil and antifreeze disposal container located at the site

and reports dumping issues. *Moved up top, monitored by the person there who also gives out stickers. In old location many times hazardous waste was dumped in disposal container after hours.*

6. Monitors the recycling area and instructs residents to pay the scale house

cashier the proper fee if found also dumping garbage. *False, no clear view of the recycling which has been highly contaminated with garbage.*

7. Answers customer questions and directs them to the correct location within

the Facility for proper dumping of waste. *Having the person up top, actually works better on helping and directing people.*

8. Relieves the Scale House Operator for lunch and bathroom breaks. *It is nice when there are people here to cover breaks.*

9. Grants or denies vehicle access to persons who wish to enter the Department

of Public Works Garage and their accompanying offices and parking

lot, which houses heavy machinery and equipment. Even with the booth manned, people entering Public Works and or the bus company, rarely stopped but blew through the stop sign, actually making the bottleneck of that area more dangerous.

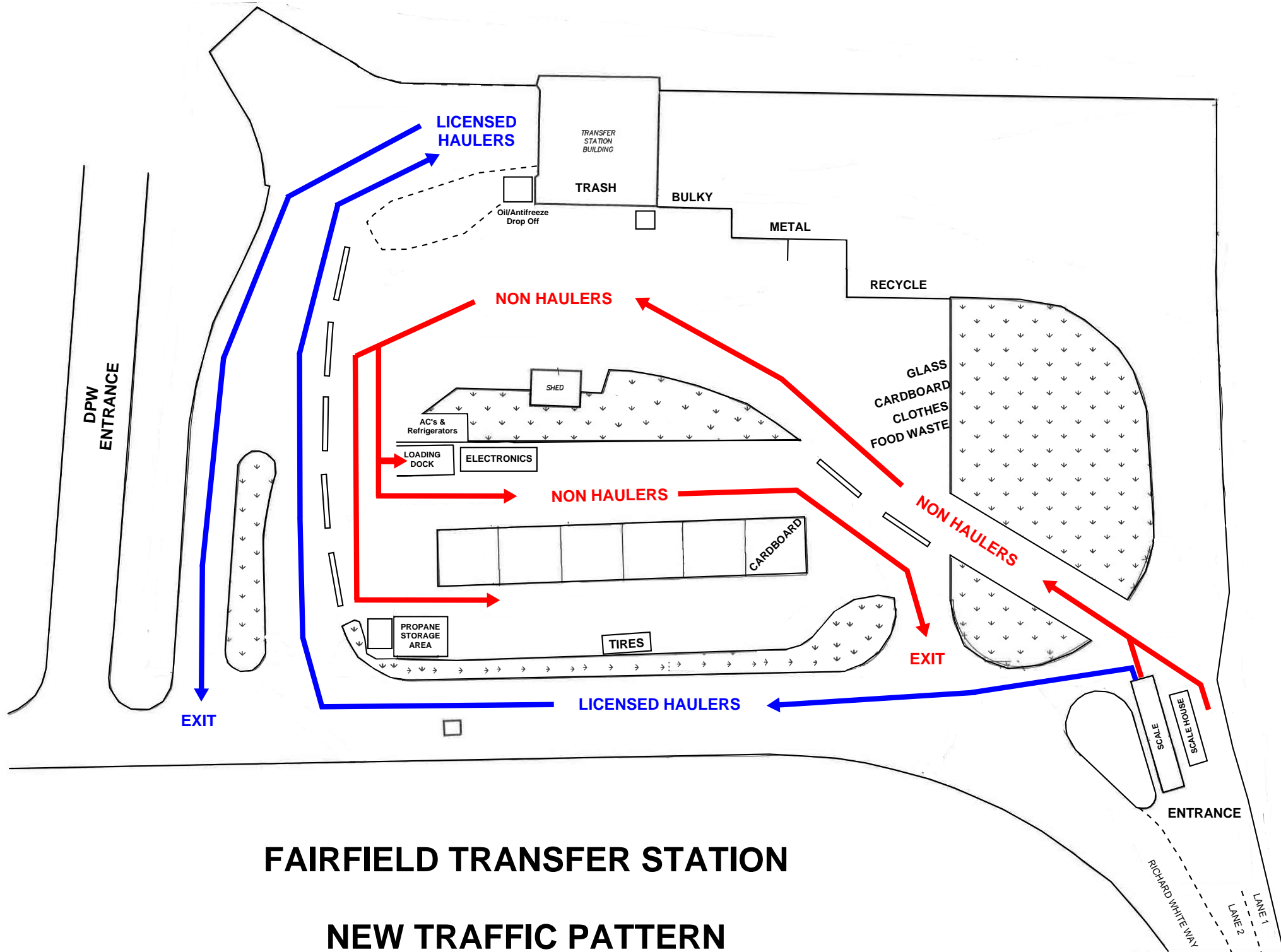
Improvements with traffic flow and operations are still ongoing which consists of additional striping and signage and the elimination of the lower level single stream containers to be replaced with the trailer located at the top as indicated on the traffic flow pattern.

Funding for additional coverage was requested and added into the budget. A search for additional part time employees has been ongoing.

**Finding # 3** - Purchase a new cash register.

As noted in the Auditor's remarks it was the Lead Scale Operator's input that a new cash register is needed. Research and surveys of other municipalities has been ongoing for a register and software that best accomplishes the collection tasks and interfaces with PC Scale.

I welcome any follow up questions that you may have.



# FAIRFIELD TRANSFER STATION

## NEW TRAFFIC PATTERN