

CITY OF SAN ANGELO
Republic Services Authorized Fees 2014-0502

OBJECTIVES

The objective of this review to determine if environmental fees and fuel surcharges were authorized by City Council

BACKGROUND

A complaint had been made regarding unauthorized charges related to Environmental fees as well as Fuel Surcharges being invoiced by Republic Services to commercial customers. Management asked internal auditor to research such fees to determine if they were being charged and if so, did Council authorized such fees.

AUDIT PROCEDURES

In this review, all the following supporting documentation was obtained and analyzed;

- Reviewed several sample invoices from various commercial account holders
- Determined how all line items on invoice were being calculated
- Determine basis for Environmental recovery fee and Fuel Recovery fee
- Reviewed several years of Council meeting minutes and videos to determine which fees were authorized
- Reviewed all ordinances and contracts that established fee structure

FINDINGS

1. It has been determined that no such fees were ever authorized by City Council. The Environmental fee was a flat 11% fee that was placed on all commercial customers bills in order to cover overhead costs.
2. It was also determined that a very small portion of the Fuel Recovery Fee was authorized by Council. The Fee structure that Republic was using was not authorized by Council. Republic was using a matrix provided by the EDA. This would take the average price of diesel and use the matrix to determine the recovery percentage to charge. In some cases it was near 20%

Conclusion

In conclusion, Republic had been overcharging commercial customers for many years. The total amount that had been overcharged was too great and spanned over too many years to be determined. The Environmental Recovery Fee had never been authorized by Council. The Fuel surcharges were authorized based on container size and frequency of pick up. They were never authorized at the amount being billed. Republic was made aware of our findings and made a statement to bring in an outside Auditing Firm to establish the amounts that will be paid back to commercial customers.