

City of Austin



**A Report to the
Austin City Council**

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Mayor Pro Tem
Sheryl Cole

Council Members
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Mike Martinez
Kathie Tovo
Laura Morrison
Bill Spelman

**Office of the
City Auditor**

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AUDIT REPORT

Austin Resource Recovery Employee Safety Audit

August 2014



REPORT SUMMARY

Austin Resource Recovery's (ARR's) employee injury rate increased in fiscal years (FYs) 2012 and 2013. However, ARR has hired a new Department Occupational Safety Manager and is developing a five-year safety plan to address employee safety. In addition, ARR management states that the department now follows best practices for employee safety developed by the National Safety Council.

TABLE OF CONTENTS

BACKGROUND1

OBJECTIVE, SCOPE, AND METHODOLOGY1

AUDIT RESULTS.....2

Appendix

Appendix A: Management Response.....4

Exhibits

Exhibit 1: ARR Lost Time Injury Rate2

Exhibit 2: ARR Actions Related to the NSC Four Key Pillars for Safety Excellence.....3

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT TEAM

Walton Persons, CPA, CICA, Assistant City Auditor
JoJo Cruz, CRMA, CICA, Auditor-in-Charge

The Office of the City Auditor revised the exhibit and text on page 2 of this report on August 13, 2014.

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August 2014



Audit Report Highlights

Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) FY 2014 Strategic Audit Plan.

What We Recommend

We have not issue recommendations at this time.



For more information on this or any of our reports, email oca_auditor@austintexas.gov

AUSTIN RESOURCE RECOVERY EMPLOYEE SAFETY AUDIT

Mayor and Council,

I am pleased to present this audit on Austin Resource Recovery's (ARR's) employee safety.

BACKGROUND

ARR provides residential curbside collection of trash, recycling, yard trimmings, and other related services. The department operates with 415 full-time equivalent employees and an approved budget of \$80.7 million for fiscal year (FY) 2014.

- ARR experienced an increase in its injury rate for FYs 2012 and 2013.
- ARR's Safety Division develops and administers employee safety related programs.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether ARR's safety management system:

- complies with laws, regulations, and City policies; and
- provides reasonable assurance that employees are protected from injury or illness.

The audit scope included employee safety activities conducted by ARR between January 2013 and February 2014.

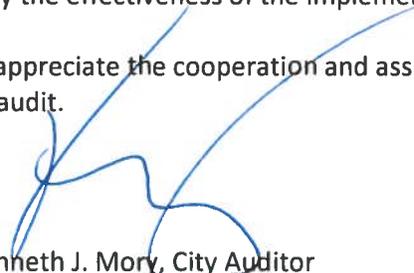
WHAT WE FOUND

In July 2013, ARR hired a new Department Occupational Safety Manager and began developing a five-year employee safety plan. The safety plan includes goals (reviewed annually and tracked monthly) geared toward increasing the level of commitment to safety by the department's management and staff. ARR's goal is to reduce the injury rate per equivalent 100 employees to zero for FY 2014.

ARR management states that the department now follows best practices for employee safety developed by the National Safety Council (NSC). Those best practices include four key pillars that it considers critical for an organization to achieve safety excellence.

Since ARR is in the process of taking actions to address employee safety risks, we are not issuing any recommendations at this time. However, OCA will consider performing a comprehensive audit of employee safety at ARR in the future to verify the effectiveness of the implemented safety control improvements.

We appreciate the cooperation and assistance we received from ARR staff during this audit.


Kenneth J. Mory, City Auditor

BACKGROUND

Austin Resource Recovery (ARR) provides residential curbside collection of trash, recycling, and yard trimmings. Additional services include sweeping streets, collecting dead animals, operating a drop-off center for household hazardous waste, and collecting bulk items and large brush. ARR operates with 415 full-time equivalent employees and an approved budget of \$80.7 million for fiscal year (FY) 2014.

ARR's Safety Division develops and administers employee safety-related programs. As of July 2013, ARR hired a new Department Occupational Safety Manager.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Austin Resource Recovery Employee Safety Audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2014 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

Objective

The objective of the audit was to determine whether ARR's safety management system:

- complies with laws, regulations, and City policies; and
- provides reasonable assurance that employees are protected from injury or illness.

Scope

The audit scope included employee safety activities conducted by ARR between January 2013 and February 2014.

Methodology

To accomplish our audit objectives, we performed the following steps:

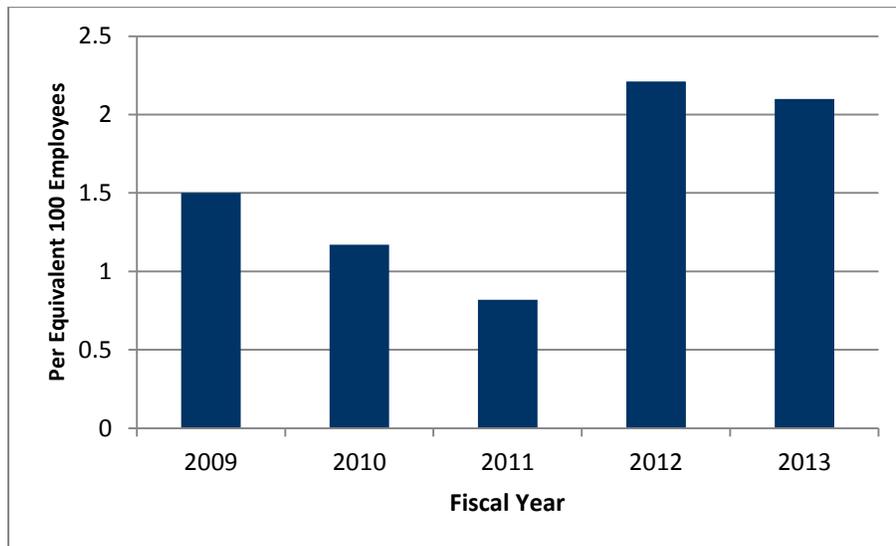
- interviewed ARR officers and employees regarding employee safety;
- researched best practices from the National Safety Council;
- reviewed laws and regulations from the U.S. Department of Labor Occupational Safety and Health Administration (OSHA);
- reviewed Texas Administrative Code requirements on employee safety;
- reviewed both City of Austin and ARR policies and procedures regarding employee safety; and
- analyzed other ARR documents applicable to employee safety.

AUDIT RESULTS

Finding: ARR's employee injury rate increased in FYs 2012 and 2013. However, ARR is developing a five-year safety plan to address employee safety.

One of ARR's key performance indicators is the lost time injury rate per the equivalent of 100 employees. ARR's goal is to reduce the rate to zero for FY 2014. As shown in Exhibit 1, ARR experienced an increase in the injury rate for FYs 2012 and 2013.

EXHIBIT 1
ARR Lost Time Injury Rate*



SOURCE: Lost Time Injury Rate per the Equivalent of 100 Employees, City of Austin, ePerformance Measures, available at <http://www.austintexas.gov/budget/eperf/index.cfm>

**The Lost Time Injury Rate (LTIR) is a standard performance measure commonly used throughout the safety industry. Lost Time Injuries are injuries resulting in one or more days away from work. The LTIR measures the number of lost time injuries per 100 full time employees. The rate is calculated using all injuries occurring during the reporting period that resulted in days away from work.*

In July 2013, ARR hired a new Department Occupational Safety Manager and began developing a five-year employee safety plan. The safety plan includes goals geared toward increasing the level of commitment to safety by the department's management and staff. ARR plans to track the goals monthly and review the goals annually.

ARR management states that the department is now following best practices for employee safety developed by the NSC¹. Those best practices include four key pillars that it considers critical for an organization to achieve safety excellence. Exhibit 2 details the NSC best practices and examples of related actions ARR management asserts they plan to or have taken.

¹ The National Safety Council is a nonprofit organization founded in 1913 and chartered by Congress. Its mission is to save lives by preventing injuries and deaths at work, in homes and communities, and on the road through leadership, research, education, and advocacy.

EXHIBIT 2
ARR Actions Related to the NSC Four Key Pillars for Safety Excellence

Four Pillars of Safety Excellence	Examples of Related ARR Employee Safety Activities
<p>1. Leadership and employee engagement: Leaders foster a culture where safety is fully integrated in the business and is a core value where all employees are engaged and share responsibility.</p>	<ul style="list-style-type: none"> ▪ ARR rolled out a safety culture program in October 2013 and plans to hold events every quarter to reinforce the safety culture. ▪ Management includes safety-related performance measures in employee’s Success Strategy Performance Reviews.
<p>2. Safety management systems: A strong safety management system is a framework of processes and procedures to ensure that work tasks are completed safely to achieve objectives.</p>	<ul style="list-style-type: none"> ▪ ARR established single points of contact in each division to track and monitor safety improvements and training. ▪ Management created a Safety Committee with participation from all ARR divisions, which meets regularly to discuss safety goals and progress on initiatives. ▪ ARR uses incentives and discipline to recognize superior safety performance and violations.
<p>3. Risk reduction: Risk is the combination of the probability of an event and the severity of the injury that may result. Risk is always present in the workplace and those organizations who actively strive to reduce it will outperform those who do not.</p>	<p>ARR conducts safety training for employees and regular safety meetings, including unannounced inspections. The aim is to keep employees informed of safety performance goals, objectives, processes, and issues.</p>
<p>4. Performance measurement: To manage improvement, it is essential to have measurable goals to track performance, looking at leading and lagging indicators, and how they are related.</p>	<p>ARR currently measures safety failures (e.g. number of injuries, injury rates), which are lagging indicators, and plans to begin measuring leading indicators, such as the number of safety trainings and inspections.</p>

SOURCE: *A Guide on the Journey to Safety Excellence*, National Safety Council, 2013; Austin Resource Recovery, May 2014

Since ARR is in the process of taking actions to address employee safety risks, we are not issuing any recommendations at this time. However, OCA will consider performing a comprehensive audit of employee safety at ARR in the future to verify the effectiveness of the implemented safety control improvements.

APPENDIX A

MANAGEMENT RESPONSE

Management reviewed and provided comments regarding drafts of this report. Since we did not issue recommendations, management is not required to provide an action plan. Management concurred with the finding in this report and elected not to include a written response.