City of Austin

AUDIT REPORT

A Report to the Austin City Council

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Hazardous Materials Storage and Handling Audit Series – Public Works Department (PWD)

April 2015

Office of the City Auditor

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REPORT SUMMARY

During the course of our audit, PWD implemented a number of changes to strengthen controls and improve oversight of its hazardous materials program, such as creating new hazardous materials procedures and creating a more detailed incident reporting format. However, the audit found that PWD was not properly storing hazardous materials at Harold Court, nor performing required inspections of permanent worksites.

AUDIT NUMBER: AU14115A

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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

Katie Houston, CPA, CFE, CLEA, Assistant City Auditor
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April 2015

Hazardous Materials Storage and Handling Audit Series – Public Works Department

Report Highlights

Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year 2014 Strategic Audit Plan and because prior audits have indicated risks relating to hazardous materials may not be properly addressed.

What We Recommend

We recommend that the Public Works Director ensure a review of hazardous materials at Harold Court and correct any deficiencies noted, and ensure regular inspections of permanent worksites focusing on the storage and handling of hazardous materials.

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

BACKGROUND

- Many City departments store and handle hazardous materials. The PWD stores and handles hazardous materials to achieve its mission of developing an integrated approach to the development, design, construction, and maintenance of the City's infrastructure systems that support an exceptional quality of life in an environmentally sustainable manner.
- The City has a Hazard Communication Program to inform and train employees regarding hazardous materials. The City also has a Corporate Safety Officer who is responsible for providing information to employees regarding the proper storage and handling of hazardous materials.
- The City's Hazard Communication Program incorporates United States Department of Labor Occupational Safety and Health Administration standards and guidelines regarding the handling and storage of hazardous materials.

OBJECTIVE AND SCOPE

The objective of the audit was to evaluate high-risk issues related to the storage and handling of hazardous materials in PWD. Specifically, this audit evaluated: (1) the tracking and storage of hazardous materials, (2) hazardous materials training, and (3) hazardous materials inspections.

The audit scope included October 2012 through November 2014.

WHAT WE FOUND

During the course of our audit, PWD implemented changes to strengthen controls and improve oversight of its hazardous materials program including:

- creating new hazardous materials procedures, and
- designing a more detailed incident reporting format.

However, we found that PWD was not properly storing hazardous materials at Harold Court or performing required inspections of permanent worksites. Specifically, we noted:

- flammable materials stored in unventilated spaces,
- containers were not properly sealed,
- hazardous materials transferred to unlabeled containers (see photo), and
- heavy containers stored improperly on top of cabinets.

BACKGROUND

The Public Works Department (PWD) constructs, maintains, and improves sidewalks, bike paths, and ramps. They also maintain streets and bridges by performing preventative maintenance and upgrades as needed. PWD staff handles hazardous materials for a variety of tasks related to maintaining their equipment and producing mobility-assistance devices, such as ramps and handrails. PWD maintains several permanent worksites in the City; our audit focused on one site in particular, Harold Court. In November 2013, the City of Austin promulgated new Hazard Communication guidelines that include a requirement that all employees who work with hazardous materials receive training on how to safely handle hazardous materials while conducting work for the City.

OBJECTIVE, SCOPE, AND METHODOLOGY

This audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year 2014 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee. Additionally, prior audits we conducted indicated risks relating to hazardous materials may not be properly addressed by City departments.

Objective

The objective of the audit was to evaluate high-risk issues related to the storage and handling of hazardous materials in PWD. Specifically, this audit evaluated: (1) the tracking and storage of hazardous materials, (2) hazardous materials training, and (3) hazardous materials inspections.

Scope

The audit scope included October 2012 through November 2014.

Methodology

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

- analyzed City policies and regulations relating to hazardous materials;
- evaluated guidelines used by entities that frequently handle hazardous materials;
- researched industry standards, best practices, and laws and regulations related to the handling and storage of hazardous materials;
- interviewed PWD staff and management;
- reviewed PWD hazardous material training resources;
- selected a judgmental sample of hazardous materials to ensure each had a safety data sheet available;
- researched PWD-reported incidents of employee injuries resulting from hazardous material exposure; and
- performed a walkthrough of the PWD Harold Court permanent maintenance site.

AUDIT RESULTS

During the course of our audit, Public Works Department (PWD) implemented a number of changes to strengthen controls and improve oversight of its hazardous materials program, such as creating new hazardous materials procedures and creating a more detailed incident reporting format. However, the audit found that PWD was not properly storing hazardous materials at Harold Court, nor performing required inspections of permanent worksites.

Finding: PWD is not properly storing hazardous materials, or conducting required facility inspections, at the PWD Harold Court facility, increasing the risk of injury resulting from hazardous material exposure.

Auditors observed the following conditions at the PWD Harold Court facility:

- flammable materials stored in unventilated spaces outside of approved safety cabinets;
- containers not properly sealed;
- hazardous materials transferred to unmarked, unlabeled containers as depicted in Exhibit 1 below;
- heavy containers stored on top of cabinets in a manner that could compromise the integrity of the cabinet; and
- no public display of the certificate of inspection required by the Austin Fire Department, although that notice has since been posted according to PWD management.

EXHIBIT 1
Storage of Hazardous Materials at PWD Harold Court

SOURCE: OCA Photo, October 2014

Quarterly inspections of permanent worksites, including the Harold Court site, are required by PWD policy. While PWD management asserts that inspections of temporary worksites throughout the City were performed routinely, auditors found that the required inspections of permanent sites were not performed.

Notably, in September 2014, PWD enhanced its safety procedures regarding hazardous materials and created a more extensive incident reporting system. The new procedures define the position of "yard tech" who will be responsible for ensuring hazardous materials are properly disposed and labeled. New incident reports allow for the addition of photos and the submission of the report electronically.

The City of Austin Hazard Communication Program requires that departments using hazardous materials:

- conduct inspections to ensure proper hazardous material storage;
- accurately label all hazardous materials; and
- designate a Hazardous Communication Program Coordinator to oversee hazardous materials-related matters.

Additionally, according to the Texas Department of Insurance's Chemical Safety guidelines, containers of hazardous materials should be sealed and stored in a cool, dry place, and inside closable cabinets.

Hazardous materials stored improperly can injure employees, citizens, and the environment. In fact, there were four instances within the audit scope of PWD employee injuries relating to hazardous materials exposure. Without an effective inspection function to ensure proper hazardous materials storage at PWD Harold Court, mislabeled or improperly stored chemicals may not be detected and corrected, which may increase the risk of employee injury and/or illness. Chemicals in unlabeled containers prevent employees from knowing the proper protective equipment to utilize, the optimal environment for use of the chemical, and the correct first aid procedures to apply in case of exposure.

Additionally, storage of chemicals outside flammable cabinets and in ways not conforming to chemical safety principles increases the likelihood of an accidental spill or exposure, and flammable materials not stored in proper cabinets can ignite or worsen a fire, placing both employees and first responders in increased danger.

RECOMMENDATIONS

1. **The Public Works Director should ensure a review of hazardous materials at Harold Court and correct any deficiencies noted.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

2. **The Public Works Director should ensure regular inspections of permanent worksites focusing on the storage of hazardous materials to ensure compliance with department and City guidelines and follow up on identified issues to ensure they have been corrected.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

APPENDIX A

MANAGEMENT RESPONSE

MEMORANDUM

TO: Corrie Stokes, Acting City Auditor

FROM: Howard S. Lazarus, P.E., Director, Public Works Department

DATE: February 26, 2015

SUBJECT: Response to Audit Findings – Hazardous Materials Storage & Handling

cc: Robert Goode, Assistant City Manager
Robert Hinojosa, Assistant Director, Public Works Department
Jason Hadavi, City Auditor's Office
Katie Houston, City Auditor's Office

I am providing this memorandum to address the findings of the Hazardous Materials Storage & Handling Audit conducted of the Public Works Department, as detailed below:

Finding 1: The Public Works Director should ensure that Public Works staff conduct a review of hazardous materials at Harold Court and correct any deficiencies noted.

Management Response: The Public Works Director has ensured that staff conduct regular review of hazardous materials at Harold Court and to take action to immediately correct any deficiencies noted. Facilities for the storage of these items have been improved and staff trained on proper handling and storage of hazardous materials. PWD has also developed and implemented two procedures, "Hazard Communication Program" and "Environmental Management" to address on a continuing basis to provide reproducible and sustainable methods for handling hazardous substances.

Finding 2: The Public Works Director should ensure that Public Works staff conduct regular inspections of permanent worksites focusing on the storage of hazardous materials to ensure compliance with department and City guidelines, and follow-up on identified issues to ensure they have been corrected.

Management Response: The following actions were immediately taken:

- Flammable materials stored in unventilated spaces: All materials and containers have been removed from unventilated spaces.
- Containers were not properly sealed: All containers that could not be properly sealed have been eliminated.

- Hazardous materials transferred to unlabeled containers: All containers have been properly labeled. All damaged containers have been eliminated.

- Heavy containers stored improperly on top of cabinets: The 5-gallon water jugs that were stored on top of the cabinets have been transferred to an appropriate ground level storage area.

- No public display of the certificate of inspection required by the Austin Fire Department, although that notice has since been posted: AFD certificates of inspection have been properly posted.

Please note that the concerns noted were transitory in nature and were immediately corrected. PWD has an exceptional record of no incidents related to the use, handling or storage of these materials. Copies of the procedures cited above and photographs of the corrected conditions are available upon request.

As always, please do not hesitate to contact me if you have any questions or if I can be of further assistance.

APPENDIX A

ACTION PLAN

Hazardous Materials Storage and Handling Audit Series - PWD

Rec #	Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
01	The Public Works Director should ensure that Public Works staff conduct a review of hazardous materials at Harold Court and correct any deficiencies noted.	**Concur** The Public Works Director has ensured that staff conduct regular review of hazardous materials at Harold Court and to take action to immediately correct any deficiencies noted. Facilities for the storage of these items have been improved and staff trained on proper handling and storage of hazardous materials. PWD has also developed and implemented two procedures, "Hazard Communication Program" and "Environmental Management" to address on a continuing basis to provide reproducible and sustainable methods for handling hazardous substances.	▪ Underway (action is currently taking place, but is not complete)	From February 2015 and ongoing

APPENDIX A

Rec #	Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
02	The Public Works Director should ensure that Public Works staff conduct regular inspections of permanent worksites focusing on the storage of hazardous materials to ensure compliance with department and City guidelines and follow-up on identified issues to ensure they have been corrected.	**Concur** **The following actions were immediately taken:** ▪ Flammable materials stored in unventilated spaces: All materials and containers have been removed from unventilated spaces. ▪ Containers were not properly sealed: All containers that could not be properly sealed have been eliminated. ▪ Hazardous materials transferred to unlabeled containers: All containers have been properly labeled. All damaged containers have been eliminated. ▪ Heavy containers stored improperly on top of cabinets: The 5-gallon jugs that were stored on top of the cabinets have been transferred to an appropriate ground level storage area. ▪ No public display of the certificate of inspection required by the Austin Fire Department, although that notice has since been posted: AFD certificates of inspection have been properly posted.	▪ Underway (action is currently taking place, but is not complete)	From February 2015 and ongoing