

Internal Controls for Public Works Departments

Introduction

Cities and towns task their public works departments (DPW) with a range of critical functions such as road and sidewalk repair and maintenance, water and sewer services, and trash, recycling, or yard waste services. To carry out these functions, DPWs have significant technical and labor-intensive responsibilities and must be granted the financial resources to match. Proper oversight of your municipality's DPW is necessary to protect public assets and safeguard the operational capacity of infrastructure that is vital to the local economy, public health, and basic standards of living.

Does Your DPW Have Effective Policies and Controls?

With so many essential and often urgent tasks to complete, it is not surprising that cities and towns may not prioritize assessing whether sufficient internal controls are in place in their DPW. But weak internal controls, such as outdated (or nonexistent) policies, invite potential fraud, waste, and abuse of public resources. Specific risks include overtime abuse, misuse of public vehicles and facilities, or employees selling leftover materials for personal gain.¹ These wrongdoings can add up to substantial costs for a municipality and can also reduce the lifespan of public assets and infrastructure.

In response to these risks, the OIG recommends that municipal DPWs prioritize, adopt, and regularly review internal controls to reduce fraud, waste, and abuse. Effective controls, such as clear and comprehensive policies, help to protect public resources and send the message that your city or town is serious about its responsibility to prudently use its DPW assets.

What You Can Do

1. *Conduct a comprehensive internal control and policy review.* Review your existing internal control plan to identify policies and other controls that need to be added or updated. Treat the review as an opportunity to evaluate whether your DPW staff members understand and follow the policies already in place.

¹ Recent OIG investigations into fraud, waste, and abuse at DPWs found improper [timekeeping practices](#) and [surplus disposal practices](#), among other issues.

2. *Create, maintain, and monitor a list of DPW assets and inventory.* Use an electronic database to list DPW assets and inventory items that are kept “in stock,” such as equipment parts, paint, and other DPW consumables. A comprehensive management system allows you to better handle budgetary and procurement functions while mitigating the risk of loss or abuse of public property. Review and update the list at least annually.
3. *Create or update a policy prohibiting the personal use of DPW facilities, equipment, or other property.* The personal use of public property violates Chapter 268A of the Massachusetts General Laws, the conflict-of-interest law. DPW internal policies should prohibit the personal use of DPW-owned property and facilities.
4. *Create or update a policy prohibiting the use of DPW facilities and equipment for the repair of personal vehicles.* Allowing DPW or other municipal staff to use DPW facilities and equipment to repair personal vehicles is a misuse of public property that raises concerns under Chapter 268A. Internal policies should prohibit this practice.
5. *Create or update a policy on handling cash.* Properly managing cash transactions is a difficult proposition, but you can reduce risks by increasing non-cash payment methods, creating and improving cash transaction records, and regularly assessing where and how cash transactions occur.²
6. *Align DPW policies with municipal policies.* If a separate commission or board governs the DPW, ensure that the DPW and its employees comply with all municipal policies and procedures.
7. *Follow public procurement requirements.* Confirm that your staff members understand the procurement and construction bid laws that they must follow. This includes Section 15 of Chapter 30B (the Uniform Procurement Act), which outlines the processes necessary to dispose of surplus materials such as retired assets, unused inventory, or scrap metal.
8. *Maintain an effective timekeeping system.* Track scheduled work hours and document any overtime, compensatory time, or other compensation due to employees. No public employee should be paid for time that is not tracked, accounted for, and approved by appropriate management. Ensure that you have clearly written definitions of the various types of time categories and the procedures for earning and using such time.
9. *Ensure adequate security at DPW facilities.* To protect valuable public property and equipment, an internal control plan should outline appropriate physical and electronic security measures to implement at DPW facilities.
10. *Hold annual fraud awareness training for DPW staff.* Annual training helps remind staff of their responsibilities in acting as proper stewards of public assets and property.
11. *Post OIG hotline information.* Ensure that contact information for the OIG Fraud Hotline is available in DPW facilities and in other municipal locations.

² See the OIG’s [September In Your Inbox](#) for additional information concerning cash handling.

Establishing operational controls and policies within your DPW and other departments is foundational to your responsibility as a municipal leader to effectively manage public assets.

*The OIG periodically issues **OIG In Your Inbox: Insights, Advisories and Alerts** as a way to succinctly share timely topics with key stakeholders, most notably the leaders within the Commonwealth's 351 local communities. The OIG hopes that **OIG In Your Inbox: Insights, Advisories and Alerts** will prompt dialogue and needed action on matters important to public entities.*

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