



AUDIT COMMITTEE AGENDA

Audit Committee Meeting
Tuesday, July 8, 2014
Tom Davies Square

COUNCILLOR FRANCES CALDARELLI, CHAIR

Claude Berthiaume, Vice-Chair

11:30 a.m. AUDIT COMMITTEE MEETING
 COUNCIL CHAMBER

Council and Committee Meetings are accessible. For more information regarding accessibility, please call 3-1-1 or email clerks@greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Report dated June 27, 2014 from the Auditor General regarding Audit Report - **3 - 20**
Environmental Services Waste Collection Contracts.
(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)

- Brian Bigger, Auditor General

(This report advises of the Auditor General Office's observations and management's action plans for Environmental Services waste collection contracts.)

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD AND ANNOUNCEMENTS

NOTICES OF MOTION

ADJOURNMENT

BRIGITTE SOBUSH, DEPUTY CITY CLERK

Presented To:	Audit Committee
Presented:	Tuesday, Jul 08, 2014
Report Date	Friday, Jun 27, 2014
Type:	Presentations

Request for Decision

Audit Report - Environmental Services Waste Collection Contracts

Recommendation

THAT the City of Greater Sudbury receive the report dated June 27, 2014 from the Auditor General regarding Audit Report - Environmental Services Waste Collection Contracts for information only;

AND THAT the action plans identified in the said report be recommended for approval.

Signed By

Auditor General
Brian Bigger
Auditor General
Digitally Signed Jun 27, 14

SUMMARY

Objectives

The objective of the audit was to evaluate the quality of stewardship and value for money realized through management and administration of the Waste Management Contract in Areas 1, 2, 3 and 4. The audit included an evaluation and assessment of the following:

- Strategic and operational objectives of waste management, collection and associated costs;
- Design, maintenance and implementation of the contract;
- Contract compliance, and
- Potential cost saving opportunities that may exist in regards to services provided by contractors.

Background

Environmental Services of The City of Greater Sudbury is responsible at a strategic and operational level for the planning, design, approvals, operation, monitoring, maintenance and construction of all solid waste facilities and associated systems.

Strategic responsibilities:

- Maintenance and perpetual care of closed landfill sites, including monitoring and reporting of

surface water, groundwater and landfill gas,

- Promotion and education of all solid waste management, diversion, composting, recycling and litter awareness programs,
- Monitoring trends in the solid waste industry and providing advice on new programs, program enhancements and new technologies to the operating units, Council and various Provincial waste management organizations and
- Management of solid waste industry funding reporting requirements that provides the City with annual revenues of approximately \$ 2 million/year. This currently includes: the [Ontario Electronic Stewardship \(OES\)](#) organization, the [Ontario Tire Stewardship \(OTS\)](#) organization, Stewardship Ontario for blue box and certain household hazardous waste products, and the Recycling Council of Ontario for certain household hazardous waste products.

Operational responsibilities:

Primary responsibilities include the collection and disposal/processing of residential garbage, leaf & yard trimmings, blue box recyclables, Green Cart organics and household hazardous waste.

The City uses two contractors as well as City crews for collection of waste (garbage), recyclables (blue bins), organics (green bins), white and bulk goods from residents in four designated areas for waste collection. The contractors were selected based on a competitive tender issued in 2005, with collections beginning from April, 2006.

Designated Areas:

Area	Communities included	Collection by
Area 1	Levack, Onaping, Dowling, Azilda, Chelmsfod, Worthington, Whitefish, Naughton, Panache, Fairbanks and Lively.	Waste Management
Area 2 & 4	Copper Cliff, Sudbury and Central Business District.	Waste Management with City crews
Area 3	Capreol, Hanmer, Val Caron, Val Therese, Blezard Valley, Coniston, Falconbridge, Garson, Skead, Wahnapiatae, Wanup, Kukagami and areas of Sudbury (South of the by-pass)	William Day Construction Ltd.

Three tenders for waste collection from the above four areas were issued in November, 2005 for the collection of garbage, Leaf & yard Trimmings, bulk items and recyclables.

During 2003, 93,142 tonnes of solid non-hazardous waste was disposed at the City's four active landfills. In 2013, 104,422 tonnes of solid non-hazardous waste was disposed in the City's four landfills.

The estimated replacement cost of landfill assets exceeds \$ 20 million. Increased diversion of garbage extends landfill life and defers replacement expenditures.

The City engaged Earth Tech (Canada) Inc. to provide engineering and planning services waste optimization study (WOS) in November, 2005. The objective of the study was to support the City's objective to increase its municipal waste diversion rates and reduce greenhouse gas emissions generated during delivery of the City's waste management programs.

The City of Greater Sudbury's objective goal was to increase its overall waste diversion to 65% of the total waste stream while simultaneously reducing greenhouse gas emissions associated with the delivery of its waste management programs. This was in response to a Province wide directive to bring Municipalities to 50% waste diversion.

The City improved diversion rates from 17% of the total municipal waste stream in 2004 to 45% of residential waste in 2013. Note: Due to increased recycling, focus on organics and education, the diversion rates referred to above are not strictly comparable.

Scope

The scope of the audit included a review of the following documentation, records for the period from 2005 to February, 2014

- Tender and contract documents for Areas 1, 2, 3 and 4;
- A sample of monthly invoices from contractors as well as internal documentation supporting monthly invoice payment;
- Complaints and resolution records logged within the City's 311 system; and
- MMMS data for collection services performed by City crews.

Additionally the following activities were observed and associated documents were inspected:

- Garbage collected from households and dropped off at landfills,
- Periodic audit reports performed by Environmental Services staff,
- Review of related documentation to assess internal controls and checks relating to the above processes and
- Reports/findings relating to audit of household garbage audit performed.

Report Highlights

- Opportunities exist to reduce annual waste collection costs by over \$2.5 million and encourage diversion by reducing the frequency and limits of garbage collected from households.
- Absence of defined criteria, goals to assess performance over time.
- Need for improvement of terms used and structure of contract/tender documents and
- Need to improve workflow amongst various departments of the City and information sharing.

The unit pricing for garbage collection in current contracts is on a cost per stop basis and the contracts allow the City to alter the frequency and number of stops. Further, the actual cost savings will be impacted by service level policy decisions from proposals not yet presented to the Council.

A separate memo containing additional suggestions has been issued to the management.

Auditor General's Opinion

While the City's average waste generation and operational cost patterns are generally on par with comparable Municipalities per 2012 OMBI performance report, significant opportunities exist to reduce collection costs, increase diversion rates and life of landfills resulting in improved quality of stewardship and value for money realized from waste management and administration.

Brian Bigger, CGA, CRMA
Auditor General

For further information regarding this report, please contact Brian Bigger at extension 4402 or via email at brian.bigger@greatersudbury.ca

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REPORT

OBSERVATIONS AND ACTION PLANS - 1

Opportunity to reduce annual garbage collection costs by over \$ 2.5 million per annum and increase landfill life. While a high level quick estimate of cost savings is provided below, the operating department needs to rework and estimate the actual savings that may be realized.

The following provides a summary of approximate annual cost savings:

Summary Of Approximate Annual Cost Savings

Area	Reference	Approximate Amount (\$ in 000s)
Reduction in frequency of weekly garbage collection.	1.1	2,080.4
Inconsistent HDR lift fee charged for garbage	1.2	130.0
Substitute CPI for Canada Composite cost index	1.3a	305.5
Fuel base price	1.3b	37.9
Total		<u>2,553.8</u>

The above savings approximately amount to 40% of the waste collection costs of \$6.5 million paid to contractors in 2013.

1.1 Opportunities to reduce garbage collection costs:

The City's performance indicators relating to community impact, service level and efficiency are comparable with other municipalities in Ontario; potential for cost reduction could be realized from the following:

1. Reducing the number of garbage bags collected per household and
2. Reducing the frequency of garbage collection.

The following table provides a comparable pattern on limits and frequency of garbage collected by various municipalities in Ontario, to encourage diversion and reduce collection costs:

Comparative Garbage Collection Pattern

(Source: Respective Municipality sites)

Municipality	Frequency – garbage collection		Limits of garbage collected/HH
	Weekly	Other	
City of Greater Sudbury	X		Three bags
Barrie		Every other week	Two bags

Durham		Every other week	Four bags
Halton Region		Every other week	Three bags
City of Hamilton	X		One bag (limited extra bags permitted by application)
City of London		Every 6 days	Four bags
District of Muskoka	X (Summer)	Every other week (Winter)	Two bags weekly – summer Four bags biweekly - winter
Niagara Region	X		One bag
City of Ottawa		Every two weeks	Three bags or bulky items
City of Thunder Bay	X		Three bags
City of Toronto		Every other week	Levy based on bin size
Region of Waterloo	X		One container/bag – 23 Kgs.
City of Windsor	X		One container – 44 Lbs.
York Region – Markham		Every other week	No limit.
North Bay	X		Three bags
Sault Ste Marie	X		Two bags.
Timmins	X		One container
Guelph		Every other week	Unlimited.
Count	10	9	

The above limits and frequencies are for garbage only, while recyclables (blue box) and organics (green box) are collected without limit on a weekly basis from most municipalities listed above. Such a strategy encourages waste diversion resulting in increased life of land-fills.

Further, it was noted from CGS house-hold audits of garbage, that about 69% of households were disposing only a single garbage bag out of the current three bag weekly limit imposed by the City.

The cost savings from implementing the above recommendation could be as high as approximately \$ 2.1 million as indicated by the following workings based on actual expenditure for garbage collection incurred in 2013:

Annual cost of garbage collected in 2013 (In 000s)

Cost of garbage collected by contractors (Source: Contractor invoice)			Cost of garbage collected by City crews (Source: Cost Centre reports)					Total savings
Contract #	Annual cost	50% of annual cost	Salaries and Benefits	Materials Expenses	Energy Costs	Annual cost	50% of annual cost	
# 2005 -47	856.8	428.4	1,326.4	23.6	164.01	1,514.1	757.1	2,080.4
# 2005 -48	667.0	333.5						
# 2005 -49	1,122.7	561.4						
Total:	2,646.5	<u>1,323.3</u>	1,326.4	23.6	164.01	1,514.1	<u>757.1</u>	<u>2,080.4</u>

(a)

(b)

(a) +
(b)

However, a part of the above savings is based on the assumption that weekly collection of leaf & yard waste that is currently being collected along with garbage will also shift to bi-weekly collection.

It was noted from Minutes and Agenda of the meetings of Solid Waste Advisory Panel (SWAP), that periodic discussion to reduce the limit of garbage bags has been occurring as follows:

Date	Topic
23-Sep-11	Follow up on recommendation made in 2010 to reduce weekly residential garbage bag limit from 3 to 2 units.
16-Nov-11	Reduction of weekly residential garbage bag limit from 3 to 2 not approved by the Policy Committee.
27-Nov-12	Consider reduction of residential garbage bag limit from three to two units and Collecting residential curbside garbage every second week as opposed to every week.
11-Jun-13	Collecting garbage every 2 weeks. SWAP sought additional details during the meeting.
17-Sep-13	Focus on educating residents instead of reducing the garbage bag limit to encourage waste diversion.
26-Mar-14	Staff provided an update of various planned action for: A. Reduction of bag limit from 3 to 2. SWAP indicated seeking directions from the Council and B. Reducing collection frequency from every week to every second week.

A business case highlighting the savings, financial and operational impact on the above proposals would facilitate decision making.

Management Comment

Management agrees that there are opportunities to reduce garbage collection costs and to increase waste diversion. These items have already been discussed by the Solid Waste Advisory Panel and they are intended to be brought forward for discussion as part of the 5 Year Solid Waste Strategy (tentatively scheduled for the Operations Committee in early 2015).

Management believes that the estimated savings provided in the report is high, but supports the Auditors recommendation to conduct a business case that will review the financial and operational impacts.

Action Plan Lead

Environmental Services, Finance, HR and a consultant.

1.2 Inconsistent charges for HDR Collection/Lift fee

The price paid by the City for collection of garbage and recyclables/organics is based on the size of container and tipping fees payable (only for garbage). As no tipping fees are payable for recyclables/organics, the auditors expected the collection/lift fees to be consistent for same size containers for garbage and recyclables/organics.

A comparative analysis of annual collection/lift fee for garbage and recyclables/organics by the two contractors indicates significant price differences.

The implications of price differences are:

1. The price for Collection/Lift charged by contractor A for garbage is over 12 times higher in comparison to recyclables/organics.
2. The price charged for Collection/Lift by contractor B for garbage is only 40 to 70% of price of recyclables/organics.
3. An attempt to perform a high level estimate of the dollar impact of this difference is a high level estimate only due to varying number of garbage containers collected on a month to month basis. Such estimated amount is over **\$ 130 K** per annum, based on number of containers collected in December, 2013 by contractor A.

Separation of tipping fee reimbursement and collection/lift fee in the next collection tender would facilitate maintaining a consistent price for collection/lift fee for garbage and recyclables/organics.

Management Comment

Management agrees that the Contractors have bid differently on front-end collection services for the High Density Residential (HDR) sector.

Management does not support the identified savings, since the lowest overall compliant bid was awarded.

Management has no objections to the Auditor's request to separate the collection and disposal costs for front-end collection in the next collection tenders.

Action Plan Lead

Supervisor of Collection & Recycling

1.3 Interpretation and implementation of contract clauses relating to cost escalations

a. CanaData Composite Construction Cost Index – 90% of contract rates:

The collection contracts provide an adjustment for increase/decrease in cost for 90% of contracted rates

(excluding fuel) based on the year to year “CanaData Composite Construction Cost Index for Ontario”. The “CanaData Composite Construction Cost Index for Ontario” provides a third-party independent cost index statistics for labor and building materials in the Canadian high-rise construction industry. However, the activities and cost patterns of waste collection contractors are different from behavior of cost of labor and building materials in high-rise industry. Using CanaData Composite Construction Cost Index as basis for determining cost escalations may not be representative of cost pattern for waste collection.

The following is a comparative analysis between the CanaData Construction Cost Index and Consumer Price Index (CPI):

Year April	CanaData				CPI				Difference in Cum. Increase between CanaData and CPI (A) – (B)
	Index	CanaData Index increase	Percent Index increase	Cum. Percent increase (A)	Index	CPI Index increase	Percent Index increase	Cum. Percent increase (B)	
2006	118.5				109.1				
2007	121.3	2.8	2.4%	2.4%	111.1	2.0	1.8%	1.8%	
2008	127.7	6.4	5.3%	7.7%	112.5	1.4	1.3%	3.1%	
2009	129.2	1.5	1.2%	8.9%	113.2	0.7	0.6%	3.7%	
2010	130.2	1.0	0.8%	9.7%	115.7	2.5	2.2%	5.9%	
2011	133.9	3.7	2.8%	12.5%	119.9	4.2	3.6%	9.5%	
2012	137.0	3.1	2.3%	14.8%	122.4	2.5	2.1%	11.6%	
2013	140.3	3.3	2.4%	17.2%	122.9	0.5	0.4%	12%	5.2%

The above comparison illustrates the quantum of additional payments made to waste collectors, if CPI index was used instead of CanaData Construction Cost Index. For 2013, such additional payment amounts to **\$305,467** (@ 5.2% of 90% of \$6.5 Million).

Annual adjustment for ‘CanaData Composite Construction Cost Index’ is made to contract rates considering April as the anniversary date of the contract.

The Director of Environment Services indicated that for the next contract CPI index would be substituted instead of CanaData Construction Cost Index.

b. Fuel increase/decrease – 10% of contract rates:

Payment adjustments for increase/decrease in costs were originally outlined in clause 28 - Division # 3 of tender document. Procedures to calculate payment adjustment for fuel price changes were further clarified by Addendum No. 2 subsequently. However, it was noted during the audit that despite this Addendum No. 2 clarification, actual monthly fuel price adjustments are not in compliance with contract terms.

i. The original tender assumes that 10% of total collection costs are for fuel. This fuel portion is to be adjusted monthly based on Ontario Ministry of Energy Diesel reporting for Sudbury on the anniversary date of the contract. However, no guidance to determine the anniversary date of the contract has been provided.

ii. While the tender for contracts 2005-48 & 49 closed on 6th December 2005, contract #2005-47 closed on 9th December 2005. Per contract terms provided in Addendum No. 2, the monthly adjustment for price changes was to be based on the difference between fuel costs at the beginning and at the end of the month. However, it was noted that:

1. Fuel price differences are calculated based on end of month to which the invoice relates and the base price on 19th December, 2005. However, Addendum No. 2 specifies adjustments to be based on fuel cost at the beginning and end of the month, without reference to base fuel prices. While the financial impact of such an interpretation would be significant in \$ terms, an estimation from the contract start date in April of 2006 would be onerous.

2. The following is an extract of the table of diesel prices provided by the Ontario Ministry of Energy :

Ontario Diesel Prices – 2005 (cents/liter)

Date	Sudbury	Notes
5-Dec	96.2	Correct base price.
12-Dec	92.4	
19-Dec	90.9	Base price used – Difference 5.8%
28-Dec	97.3	

Per clause 28 a) of tender base fuel price should be fixed on a date in December 2005 when contract was tendered. (Tenders closed on December 6th and December 9th, 2005) In the absence of a published weekly price on these specific dates, the nearest alternative date and fuel price known to all bidders (i.e. price on 5th December, 2005) should have been used. While the price on 5th December, 2005 was \$0.962, a lower base price of \$0.909 on 19th December, 2005 has been used for calculation of fuel price adjustments. Use of this lower diesel price results in a higher payment amounts (by 5.8%) to contractors on a month to month basis.

As fuel costs are considered to be at 10% of invoiced amounts, the financial impact of using this lower base price amounted to **\$37,857** (5.8% of 10 % of \$6,527,065 being the amount paid to contractors) in 2013.

Environmental Services explained that award of contract was authorized by the General Manager of Public Works on December 19, 2005. Hence this date was used as a '*base date*' for calculation of payment for fuel price difference.

While the month of April is considered as anniversary date of contract for CanaData adjustments, fuel price adjustments commenced from the month of December.

Management Comment

a. - Index

Finance staff had already identified that changing the inflationary index used in Contract tenders from CanaData Construction Cost Index to CPI Ontario would result in annual savings. Waste Management Contracts awarded since July 2009 (ISD 09-15 for Sample Collection and Analysis) have already switched to using CPI Ontario as the inflationary index, and all future waste contracts will continue this trend if an index is incorporated.

b. – Fuel

Management and Supplies & Services staff will ensure that future tenders that contain a fuel escalation clause include an effective date for the base fuel price.

Action Plan Lead

a. - Index

N/A

b. – Fuel

Supervisor of Collection & Recycling and Supplies & Services Staff.

OBSERVATIONS AND ACTION PLANS - 2

Absence of formal measures and Key Performance Indicators (KPIs) to monitor performance and costs.

Observation

2.1 Absence of goals and performance measures for Waste management

Goals and performance measures for waste management have been defined and stated by certain Municipalities in Canada. Such criteria provide an objective basis for periodic comparison to assess performance relating to waste diversion, recycling and other initiatives over time.

The City of Greater Sudbury has not formally maintained such periodic performance measures. Only certain statistics are tracked for annual reporting to Ministry and funding claims.

In the absence of formal measures, no assessment over time could be performed for the period of waste collection by contractors for the City from 2006.

Management Comment

A “5 Year Solid Waste Strategy” is being developed with input from the Solid Waste Advisory Panel. This document will include but not be limited to goals and planned actions. This report is tentatively scheduled for the Operations Committee in early 2015. Once the draft plan is approved, performance measures over and above the current OMBI measures can be developed.

Action Plan Lead

Director of Environmental Services.

2.2 Area-wise productivity analysis

The auditors attempted to perform a comparative productivity analysis for each of the four designated areas to assess relative efficiencies and cost/price patterns. The following variables were planned for analysis:

Data Not Tracked By Management	Purpose
Route KMs	Compare service cost/KM of route.
Number of stops made	Compare price paid for each stop (as against number of households serviced)
Number of households diverting by use of: - Blue bins - Green bins	Compare actual work performed by contractor in each area for diversion.
Quantities collected (total and per HH) of - Garbage - Recyclables & - Organics	Assess and compare the quantum of garbage and work performed by contractor in relation to price paid.

As the above statistics were not being created and maintained by Environmental services, no productivity/efficiency comparisons could be performed.

However, Environmental services are in the process of developing a system using GPS (Global Positioning Satellite) to gather some of the above information. This development is expected to be complete by June, 2015.

Management Comment

Management will continue to perform annual audits for approximately 100 households per year. The audit will continue to measure participation rates, set-out rates and capture rates.

Action Plan Lead

N/a

OBSERVATIONS AND ACTION PLANS - 3

The quality of tender and contract structure could be improved.

Observation

3.1 Use of varying terms

The auditors noted use of varying terms in tender documents while referring to a unit of service. The unit of service and associated price for providing service forms a basis for payment to contractors. The following terms were used to describe a unit of service:

(Source Contract No. 2005-49 – Division 2, Schedule of Unit Prices)

Varying Terms Used To Describe The Unit Of Service

Description	Unit description	Quantity	Issue
Collection: Garbage(2006) Roadside	Residential dwellings/year	15301	Is amount payable based on price for number of appropriately zoned 'Residential dwellings' serviced?
Co-Collection: Garbage/Leaf & Yard Trimmings and Christmas Jan. 2007 Roadside	Residential dwellings/stops per year	15301	Is amount payable based on price for number of appropriately zoned 'Residential dwellings' serviced OR where the contractor actually stopped to collect?
Collection: Bulk Items Roadside	Residential dwellings/stops per year	15301	
Collection: Recyclables One-Stream Roadside	Stops/year	15204	Is amount payable only based on price for actual number stops where the contractor actually stopped to collect?

- i. The above unit descriptions were not clarified in the contract.
- ii. There was no record of how they were established in 2005 and
- iii. Methods and associated records determining annual increases were not consistent and not available.

There was no documentation to support the original determination or calculation of number of households. Auditors asked for written procedures and documentation to support annual adjustments to household counts. There was no documentation to support the original determination or calculation of number of households.

In response to the Auditors inquiries in 2012, Environmental Services documented their process for the determination of number of households.

The Director of Environmental Services indicated during discussion that it was an intention during tendering to pay for number of residential dwellings serviced by a contractor, irrespective of actual number of stops made. While the number of dwellings serviced is the basis for levy of taxes, such an interpretation and compensation for work may benefit contractors as the actual work performed is less for multiple households serviced by a single stop (Low Density Residences, up to 6 households).

Certain terms and conditions were noted in the contracts that may benefit the City, while certain others may benefit the contractors. These terms and conditions appear to be contrary to the price paid by the City for amount of services received. The net impact in cost to the City could not be estimated as no details to estimate are being maintained.

Situations that may benefit City:

A. Household count:

The payment to contractors for number of residences serviced is adjusted annually based on request from contractors and updated data maintained by the City in accordance with collection contracts. Additional payment to contractors for increase in the number of dwellings serviced occurs in January of the next year even though actual collection of garbage, recyclables and bulk items may begin when new residents start disposing waste.

Based on an analysis of household data statistics from MPAC, such benefit approximately amounts to 0.5% of annual costs to the City (half of the annual increase).

Situations that may benefit contractors:

a) Low density households:

Waste collected from low density residential units with multiple units (6 units or less) whereas, a single stop yields waste from multiple dwellings. The contractor in this case is paid a multiple rate based on number of dwellings serviced (up to 6) for a single stop in accordance with the collection contract.

b) Recyclable and organics:

Payment for collection of recyclables and organics from all residential dwellings serviced as against actual households using this facility and classifying waste. An observation audit of Area 3 in March, 2014 indicated that approximately 75% of households use blue bins (recyclables) and 20% use green bins (organics). Despite this low utilization of blue and green bin facility, contractors are being paid at 100% of dwellings serviced in accordance with collection contracts.

Such use of recyclable containers benefits the contractors by an approximate amount of 25% of the amount paid for collection of recyclables and organics in accordance with the collection contract.

c) Bulk items:

Payment for collection of bulk items is made on the basis of number of dwellings serviced in accordance with the collection contracts. Based on inquiries, it was explained that most bulk items that could be collected by regular garbage collectors are being picked up along with garbage. Large items, white goods that require a separate pickup are collected subsequently based on location notes made by garbage collectors.

d) Holiday/vacation and omission to place:

The City pays contractors based on the number of households serviced without deduction for reduced stops and collection volumes during vacation absence and omission by a resident to place garbage/recyclables curbside. This practice was indicated to be an industry standard per Director of Environmental services.

Management Comment

Management agrees that opportunities for improvement exist and will include definitions in the next collection tenders for household dwellings and stops. A more detailed household count process is currently under development and should be available for the next collection tenders (this relates to the new GPS system).

Action Plan Lead

Supervisor of Collection & Recycling.

3.2 Inconsistent references in tender/contract documents

In Contract #2005-49 clause 20 in Division #3 provides clarification and information on items listed in the 'Schedule of Unit Prices' (Division #2). However, references in Division #3 for the following three items do not match with corresponding items listed in Division #2 as indicated below.

Item referred to in Clause 20 of Division #3	Corresponding item listed in Schedule of Unit Prices – Division #2
Item #7 – Residential Drop-Off Depots	Item #7. Collection: Recyclables One-Stream
Item #8 – Collection: Recyclables: One-Stream	Item #8. Equipment Delivery & Retrieval.
Item #9 – Equipment Delivery & Retrieval	Item #9. Residential Drop-Off Depots.

This error has no financial impact.

Management Comment

Management agrees the three scope items did not match the corresponding item number in the schedule of unit pricing schedule. This administrative error caused no financial impact and would have simply been corrected if the successful contractor had made the request.

Management and Supplies & Services staff will endeavor to minimize this type of error in the future.

Action Plan Lead

OBSERVATIONS AND ACTION PLANS - 4

Operational improvement opportunities.

Observation

4.1 Financial/commercial literacy:

Audit noted that Environmental services did not have individuals with a finance background and experience to facilitate and perform operational financial analysis to support the division, similar to certain Infrastructure Services Divisions. However, a Senior Budget Analyst provides financial support to Growth and Development since August, 2013.

Management Comment

Yes, there is no dedicated Finance position that supports this Division. However, Finance assigned a dedicated Senior Budget Analysis to the Growth & Development Department in June 2010. This position supports the various Divisions of the Growth & Development Department.

Finance is supportive in establishing a dedicated financial support position for Environmental Services.

Action Plan Lead

An additional FTE would require the consent of Council.

4.2 Bulk/Large item collection by comparative cities in Ontario:

The following table provides a comparative analysis of collection of bulk/large items by cities in Ontario:
(Source: Individual Municipality sites/Calls)

Comparative Bulk/other item collection

Municipality	Collected by City	Frequency	Quantity collected
City of Greater Sudbury	X	Weekly	Unlimited
Barrie	No	N.A	100kg free subsidy at landfill.
Durham	X	By Call – Bi-weekly.	1 item per annum free.
Halton Region	X	Monthly	3 item limits – restricted.

Municipality	Collected by City	Frequency	Quantity collected
City of Hamilton	X	Weekly – by appointment	4 items – Fridge not collected.
City of London	X	Every 6 days	Appliance and electronic waste not collected curbside.
District of Muskoka	No	N.A	Drop off
Niagara Region	X	By Call	Restricted list of items collected.
City of Ottawa	3 categories of items.	Every two weeks.	Restricted list of items collected.
City of Thunder Bay	No	N.A	Drop off - \$ 10 Minimum
City of Toronto	X	Every two weeks.	Unlimited for unrestricted items
Region of Waterloo	X	Weekly/Monthly	Unlimited for unrestricted items
City of Windsor	No	N.A	Drop off for fees.
York Region – Markham	No	N.A	Drop off
North Bay	No	N.A	Drop off for fees.
Sault Ste Marie	No	N.A	Resident responsibility.
Timmins	X	Spring	60 Cubic feet
Guelph	X	By call.	Unlimited for fees. Bulky items: \$25 for one item and \$20 for each additional item. Tires: \$10 flat rate.

In light of restrictions imposed by most cities in Ontario on the quantity and frequency of bulk item collected curbside, opportunities for cost reduction may be explored.

Management Comment

The unlimited weekly collection of defined bulk items is an approved service level.

Action Plan Lead

A change in service level would require the consent of Council.

4.3 Control and locking spread sheets.

Monthly invoices are supported by a spreadsheet of workings showing calculations for amounts claimed by contractors. This spreadsheet is prepared, updated and maintained by contractors. Significant time and resources are devoted by Environment services to verify calculations in these spreadsheet and workings prior to approving invoices for payment. A suggestion to lock down these spreadsheets with a password for

a better control and manage change was made and accepted for implementation.

Management Comment

Management appreciates the recommendation provided by the Audit Section for locking down the invoice spreadsheets.

Action Plan Lead

Completed by the Supervisor of Collection & Recycling.