



OFFICE OF THE
City Auditor

Edmonton Waste Management Centre Contract Review

November 2, 2015

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Edmonton Waste Management Centre Contract Review

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Executive Summary

While investigating two allegations of misconduct, the Office of the City Auditor (OCA) made a number of observations related to procurement and contract monitoring practices at the Edmonton Waste Management Centre. The OCA examined those processes related to seven contracts. The review included interviews with City of Edmonton staff and management, review and analysis of contract procurement files, review and analysis of invoice documentation, and other procedures we considered necessary.

As a branch within the City, Waste Management Services must comply with the City's corporate procurement policies and work with Corporate Procurement and Supply Services Branch to develop and award contracts. We identified several deficiencies in the way that four of the seven contracts were designed, managed, and/or controlled by Waste Management Services. We also observed that invoices did not contain adequate support for the charges claimed and were not properly reviewed prior to payment. Within the limitations of the number of contracts reviewed and the investigation procedures performed, we concluded that there are opportunities for improvement of procurement and contract monitoring practices at Waste Management Services that may be applicable to other contracts as well.

Management has been actively working on addressing some of our concerns and observations presented in this report. For example, as a result of our preliminary observations, the Chief Financial Officer commissioned an external consulting firm to conduct a broader review of contract practices related to procurement and contract monitoring at the Edmonton Waste Management Centre. Waste Management Services is currently in the process of implementing the recommendations from this review.

Waste Management Services is also in the process of changing the invoice review and approval processes related to the on-site hauling contract. They have also reached a tentative settlement with the contractor to address some of the concerns highlighted in this report. A further amending agreement to formalize this settlement is being developed.

We also recommended that Waste Management Services improve its oversight processes related to invoice review and approval. Management accepted the recommendation and developed an action plan to address the identified deficiencies. We anticipate that implementing the action plan will further improve Waste Management Services' procurement and contract monitoring activities to ensure that the City consistently receives value for money for these contracts.

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Edmonton Waste Management Centre Contract Review

1. Introduction

While investigating two allegations of misconduct, the Office of the City Auditor (OCA) made a number of observations related to procurement and contract monitoring practices at the Edmonton Waste Management Centre. The OCA examined procurement and contract monitoring processes related to seven contracts.

2. Background

2.1. Edmonton Waste Management Centre

The Edmonton Waste Management Centre (EWMC) is a collection of advanced waste processing and research facilities. Owned and operated by the City of Edmonton Waste Management Services, the EWMC is an integral part of Edmonton's sustainable approach to waste management. Many of the activities onsite at the EWMC include partnerships and contractual agreements with private sector organizations. Activities include:

- Composting
- Sorting mixed recyclables
- Producing biofuels from processed waste
- Manufacturing paper products from used paper and cotton fabric
- Sorting mixed construction and demolition waste
- Processing electronic and electrical waste
- Producing electricity from landfill gas
- Hauling materials to landfill

In delivering the full scope of its integrated waste system, including collection and processing services, Waste Management utilizes both in-house and contracted services. In 2015, the contracted services expenditures for Waste Management are budgeted to be approximately \$68 million.

2.2. Procurement Process at the City

The City expects that all purchases, including the hiring of contractors, will be conducted in an open, fair, transparent, and accountable manner that achieves best value for the City and supports City Council's environmental, social, and economic objectives.

The procurement process consists of a number of inter-related activities and tasks. The effort expended on each activity will vary greatly with the risk and complexity of the procurement. In general there are two aspects of the procurement process: the procurement phase and the contract monitoring phase.

1. Procurement Phase

The Corporate Procurement & Supply Services Branch (Corporate Procurement) is the purchasing and tendering authority for the City. It is responsible for establishing procedures and guidelines that govern all procurement for the City and to provide advice and support to City Departments throughout the procurement process.

Business units are responsible to ensure budgeted funds are in place prior to proceeding with procurement. They are also responsible for providing an approved requisition to Corporate Procurement to initiate the procurement phase.

Corporate Procurement, in collaboration with the business unit, develops the tender package and/or contract documents. Corporate Procurement will conduct an initial evaluation of the bids received to ensure they are compliant and meet mandatory requirements (for example: the bid package is complete). Non-compliant bids are not forwarded to the business unit. The business unit sets up an evaluation committee, who is responsible for evaluating qualified bids against the established evaluation criteria and identifying the highest ranked bidder. This committee includes business unit staff, but may also include people from other areas as appropriate for the procurement. Following bid evaluations, the business unit authorizes Corporate Procurement to award a contract to the highest ranked bidder and have contract documents executed. This marks the end of the procurement phase.

2. Contract Monitoring Phase

Business units are responsible for contract monitoring, which includes contract administration and evaluating contractor performance. The business unit needs to ensure that work proceeds in accordance with the contract terms, any payments made are for actual work performed, and payments are in accordance with the contract payment terms. Contractor performance needs to be monitored for example by inspection, contractor reporting, and/or independent review. Payment should be made only after verifying that contract conditions have been met.

3. Scope and Methodology

3.1. Scope

During the course of the investigation, we reviewed seven contracts for concrete crushing and waste hauling services at the EWMC. We observed deficiencies in the way some of these contracts were designed, managed, and/or controlled. This report focuses on those observations.

We assessed each contract against the following criteria:

1. The contract satisfied the City's purchasing principles as stated in the Administrative Directive A1439C, *Procurement of Goods, Services and Construction*:
 - Provide best value for money spent.
 - Be consistent with public procurement principles of fairness, openness, transparency and accountability.
 - Be consistent with City policies and directives.
 - Use competitive bidding processes wherever possible.
 - Ensure that Sole Source and Single Source Procurements are appropriately justified.
 - Leverage buying power through corporate agreements or strategic sourcing.
 - Ensure suppliers are qualified, risks are assessed, and full costs are included.
 - Align purchases with and support the goals of the Sustainable Purchasing Policy (environmental, social, and economic).
2. The terms and conditions of contracts including the scope of work are clear, relevant, and complete.
3. Amendments and changes to contracts are properly justified.
4. Clear evidence exists that contracted services were rendered.
5. Payments were appropriately supported, accounted for, and approved.

As part of this investigation, we reviewed contracts related to the following services:

Concrete Crushing Services:

Concrete waste from demolition of buildings, roads, etc. is brought to the EWMC to be recycled. The recycling process involves separating the reinforcing steel from the concrete and crushing the concrete to desired sizes. The City hires a contractor to provide these services. We reviewed four consecutive procurement processes related to concrete crushing services at EWMC.

Waste Hauling Services:

The City uses contracted services to haul municipal solid waste from the EWMC to two landfill locations (West Edmonton Landfill and Beaver Regional Landfill) and to haul compost materials to and from various sites within EWMC. We reviewed three contracts related to waste hauling services at EWMC.

3.2. Methodology

Our review involved information gathering and interviews with management and staff at Waste Management and Corporate Procurement. We also obtained information from and conducted a meeting with representatives of a third-party contractor. We also reviewed electronic and paper contract files, invoices, supporting documentation, Geoware records (waste management software system), and corporate financial system records.

4. Observations

4.1. Concrete Crushing Services

4.1.1. Procurement Process

The underlying objectives of public procurement are to ensure competition and transparency in the decision-making processes. Competition is the optimal means of obtaining the best value for money. However, under limited circumstances, the competitive bidding process may be waived in favour of a sole or single source procurement process. The Administrative Procedure A1439C defines sole source *where there is only one source of supply within the marketplace which can provide the good, service or construction*. Single source is defined as *where a business decision is made by the Department to utilize a single source of supply when other sources exist within the marketplace (for either the product or the supplier)*.

We reviewed four consecutive concrete crushing procurements conducted by Waste Management from 2012 to 2015 which are discussed in the following section.

Background:

Concrete crushing services are needed on an ongoing basis at the EWMC to reduce the amount of rubble sent to landfill and to produce aggregate for construction of roadways and other works on site.

The following is a brief summary of the four procurement processes reviewed:

- Procurement A - In 2012 the City hired Contractor A through a public tender process to perform concrete crushing services at EWMC. The contract was for one year, with two one-year extensions. The last extension was issued in January 2014.
- Procurement B - In spring 2014, Waste Management identified a need for crushed concrete for use on onsite paving projects that Contractor A was unable to accommodate within the identified time period. Waste Management and Contractor A mutually agreed to terminate the contract from Procurement A. Subsequently, Waste Management decided to sole source Procurement B contract, citing the following rationale:
 - The existing contractor was unable to meet crushing requirements in the timeframe required.
 - Waste Management contacted four different contractors. Only one contractor indicated that it could meet the new timeline.

The Inter-Provincial Agreement on Internal Trade (AIT) as well as the New West Partnership Trade Agreement (NWPTA) require open competitions to be used in most situations when the value of the agreement (including contingencies and GST) is over \$75,000 for goods and services or \$200,000 for construction. As the contract value for the sole source, estimated at \$225,000, was above this threshold Waste Management obtained approval to sole-source the contract and worked with Corporate Procurement to award the sole-source contract to Contractor B.

- Procurement C - When the sole-source work under Procurement B was completed, the City issued a public tender in December 2014. Only one qualified bid was received and it exceeded the budget. The tender was cancelled.
- Procurement D - In January 2015 the City re-tendered. Of the six bids received, one was disqualified immediately. The contract was awarded to a Saskatchewan-based company that responded that it was unable to fulfil the contract. The second highest ranking of the remaining bids was disqualified, and the contract was again awarded to the highest ranked of the remaining three bidders. That bidder was Contractor B (the same contractor who was awarded the sole-source contract in 2014).

Issues identified with Procurement B (Sole-Source Contract):

1. The justification and rationale for sole-sourcing concrete crushing services was insufficient and inappropriate.
 - The sole source request stated that 14,000 tonnes of concrete crush was needed by the end of August for onsite capital paving projects at the EWMC. The request also stated that a contract for the 2014 capital paving projects had already been awarded. Also in the request it was noted that not obtaining the concrete crush on time could lead to financial penalties. However, we observed that the 2014 Paving Contract for onsite capital paving projects was not yet awarded at the time Waste Management started the sole source process, so citing that paving contract's 'award' as rationale for sole-sourcing the concrete contract was inappropriate.
 - The 2014 Paving Contract included eight separate projects to be completed by the end of September 2014. Waste Management confirmed that only approximately 3,300 tonnes was needed for these projects, not 14,000 tonnes as indicated on the sole source request form.
 - The rest of the crush was needed for other identified on-site projects at the EWMC. Waste Management provided us with a list created in June 2014 of these projects ranked by priority. However, the urgency of these projects has not been established. Neither was there any indication of costs of delaying (a portion of) these projects to 2015.
 - The urgent timeframe and required quantity were not included in the specifications of the sole-sourced concrete crushing contract. While the sole-source justification stated that the material was needed by the end of August 2014, the final contract listed an end date of December 31, 2014.
 - The procurement file does not contain any evidence that a reference check or past performance check was conducted for Contractor B prior to awarding the sole-source contract. While no specific guidance existed at the time, we would expect evidence that due diligence was used prior to awarding the sole source.
 - Administrative Procedure A1439C defines sole-source as only one source of supply within the marketplace that can provide the good, service or construction. Contractor B did not own any concrete crushing equipment or had any previous experience in concrete crushing at the time the contract was awarded. Contractor B was not able to actually do the work and subcontracted the work to two other local vendors.

2. Waste Management did not make sufficient effort to ensure that its procurement activities for the sole-source concrete crushing contract would provide the best value for money for the City.
 - The 2012 contract was awarded through public tender. The 2014 price for crushing concrete was \$7.38 per tonne under this contract. The price under the sole-source contract was \$14.80 per tonne. As shown in Table 1, we estimate that releasing Contractor A from its contract obligations and sole-sourcing to Contractor B increased the City’s costs by approximately \$104,000.

Table 1 - Cost of Sole Source versus Original Contract

Tonnes of Concrete Crushed	Original Contractor		Sole Source Contractor		Difference
	Unit price	Total	Unit Price	Total	
14,921.47	\$7.83	\$116,835	\$14.80	\$220,838	\$104,003

- Contractor B’s subcontractor did not start crushing until the middle of August 2014, with 3,285 tonnes crushed by August 29, 2014 (just enough for the 2014 Paving Contract). The remaining 11,600 tonnes of crush was not delivered until the end of December 2014. Our review of the previous contract (2012), which was awarded as a competitive bid, indicated that Contractor A was able to crush 23,000 tonnes of concrete between October 11 and October 31, 2012. The sole-source contract moved the start date of the crushing up by 1½ months (from the beginning of October to mid-August) and cost an extra \$104,000, but did not change the contracted delivery date.
- Waste Management informed us that without the sole-sourced contract their only option would have been to purchase concrete crush from the market or from the Transportation Department at a quoted price of \$21.50 per tonne (\$18 for crush and \$3.50 for hauling). As this price per tonne was significantly higher than the quoted sole source price, they did not pursue this option.
- As only 3,300 tonnes was needed for the projects listed under the 2014 Paving Contract, even the option of buying crush for the paving contract would have been approximately \$52,469 less than sole-sourcing the crushing services (see Table 2).

Table 2 - Cost of Sole Source versus Alternative Option

Tonnes of Crushed Concrete Needed	Option 1 - Original Contract and Market		Option 2 – Sole Source		Difference
	Unit price	Total	Unit Price	Total	
3,300t for Paving Contract	\$21.50	\$70,950			
10,700t for other projects	\$7.83	\$83,781			
Est. 14,000t Total Required			\$14.80	\$207,200	\$52,469

Issues identified with Procurement D (2015 Re-Tendered Contract):

When the sole-source work was completed, the City issued a public tender in December 2014, which was cancelled. Subsequently, the City retendered the concrete crushing services, which was again awarded to Contractor B (previous sole-source contractor). Regarding the re-tendered contract, the following issues were observed:

- Contractor B did not disclose during either the previous sole-source contract or the re-tender that it would be relying on subcontractors to do all or part of the work.
- Contractor B provided a reference which we would not consider impartial.
- Contractor B did not meet previous contract expectations. Contractor B was not able to deliver the required amount of crushed concrete within the timeframe used as a justification for sole sourcing (end of August 2014). It did, however, complete the contract obligations by December 31, 2014, which was the stated end date of the contract.

4.1.2. Contract Monitoring Practices

Effective contract monitoring is critical to ensure that contractors fulfill their legal obligations and that the City receives appropriate value for the money it spends. Contract monitoring involves evaluating contractor performance based on measurable service deliverables and verifying contractor compliance with terms and conditions in the contract. Within Waste Management, contract monitoring is delegated to Project Engineers, Supervisors, and General Supervisors.

We found that the contract monitoring practices for the concrete crushing services were inadequate. We observed the following issues with Waste Management's contract monitoring practices:

- Waste Management did not receive supporting documentation with invoices received from Contractor A or Contractor B to verify the amounts claimed for payment (for example: belt scale receipts). Waste Management paid all invoices to Contractor A and five invoices to Contractor B (two under the 2014 sole-sourced contract and three under the 2015 concrete crushing contract) without adequate support.

- Under the sole-sourced contract, Contractor B did not forward sufficient supporting documentation it received from its subcontractors (for work completed) with its invoices to the City.
- Recognizing that one of the subcontractors to Contractor B did not have the called-for weight scales on their equipment; Waste Management conducted geographic surveys of the produced product piles and calculated what it believed to be its obligation to Contractor B in February 2015. The contractor's invoices exceeded that amount by approximately \$65,000. Waste Management presented the contractor with its survey data and calculations and the contractor indicated that its invoices contained errors. The OCA reviewed the belt scale receipts, survey results, e-mail correspondence, and invoices from subcontractor to Contractor B and could not determine an obvious reason for Contractor B's billing error.
- Contractor B used malfunctioning equipment to produce the concrete crush for the second contract (2015 concrete crushing contract). The equipment belt scale that provides information on how much is crushed as support for amounts charged, has no time or date stamp and needs to be re-set after power outages. Waste Management informed us that some compensating measures have been put in place, such as spot checks.
- Under the 2015 concrete crushing contract, Contractor B used the services of a subcontractor to process oversized materials.¹ According to the single invoice of the subcontractor, it processed 5,850 tonnes of oversized concrete. That is significantly above the estimated 2,000 tonnes included in the tender document. Waste Management's estimated cost for oversized materials was \$60,000. To date, the City has paid \$175,500. While Waste Management was aware of an increase in oversized materials processing, the subcontractor's invoice contained no support for the amount of oversized materials processed.
- Waste Management did not appropriately track and account for the crushed concrete material produced by the concrete crushing process. Waste Management receives aggregate uncrushed material at no cost, and through the crushing process adds value to this material, creating an asset worth approximately \$18 per tonne.² Waste Management received 95,000 tonnes of uncrushed aggregate materials between 2012 and April 2015. After crushing, this material would have had an estimated value of \$1,710,000.³ Our review of Waste Management systems indicates that they did not keep track of where the crushed concrete went and/or how it was used, even though a system existed for this very purpose (Geoware). Waste Management has indicated that much of the crushed concrete was used for on-site construction at EWMC. However, without the product value being recognized, it is unclear how the concrete crush could be accounted for as a tangible capital asset.

¹ Oversize material processing involves breaking all oversize concrete and removing wire mesh, pole bases, beams, etc. prior to crushing the concrete. Cost in the contract was \$30 per tonne for oversized material processing and \$19.80 per tonne for regular concrete crushing.

² Waste Management's quoted price to purchase crushed concrete from Transportation Department in 2014.

³ This calculation has not been adjusted for the weight of scrap metal that is separated from the uncrushed materials prior to crushing and is sold separately.

- During this investigation, in May 2015, Waste Management undertook an extensive effort to account for the quantities of crushed concrete used between 2012 and April 2015 on various on-site projects. While not a method to use on future projects, the results of this effort provided reasonable support that the crush remained on-site.

4.2. Waste Hauling Services

4.2.1. Procurement Practices

We reviewed three waste hauling services contracts that were awarded to Trucking Contractor K. Two were related to off-site long distance hauling and one to on-site hauling. We found no evidence that the procurement processes in these three cases were conducted inappropriately. However, we did find that the work specifications section of the on-site hauling contract was inadequately formulated, specifically:

- The contract had no payment exclusions for times when the composting facility is not operating and no on-site hauling services are required (for instance, the two statutory holidays when the plant is closed, or when unexpected equipment problems shut the plant down, or when different components of the plant are serviced). This has resulted in the City paying for shifts when no driver was on site.
- The contract stated that “incumbent is required to work 12-hour rotating shifts.” As a result, the contractor charged a minimum of 12 hours per shift even when fewer hours were worked due to operational variability.
- We estimated that the additional cost to the City because of inadequate work specifications was \$62,168.95 (Table 3 – Item 1).

The inadequacies in the work specifications have led to differences in interpretation of payment provisions between Waste Management and the contractor. This has led to disagreements over payments and whether or not the contracted services have actually been delivered. Under such circumstances, determining whether the City received fair value is challenging.

4.2.2. Contract Monitoring Practices

We did not identify any major concerns with the contract administration for the long-haul contracts to the two landfills. Invoices were supported and the information was reconciled to other sources. Any discrepancies were followed up prior to payment.

We did identify some concerns regarding the contract monitoring practices for the on-site hauling contract. The on-site hauling contract is monitored by different employees than those who monitor the long-haul contracts. We observed the following issues:

1. Insufficient support for amounts claimed on invoices.
 - Trucking Contractor K did not provide adequate support for all the shifts they billed.
 - Based on information available, we estimated a potential overcharge of approximately \$114,855.40 between January 2014 and June 2015 (Table 3 – Item 2).

Table 3 – Summary of Additional Costs to the City (January 2014 to June 2015)

Category	Amount	Comment
1. Inadequate work specifications	\$ 62,168.95	No night shifts required, drivers sent home early, statutory holidays, etc.
2. Insufficient invoice support	\$ 114,855.00	No support for invoiced charges
Total Additional Costs	\$ 177,023.95	

2. Lack of rationale for using a second truck.
 - Trucking Contractor K's staff receives its daily work assignments from a second on-site contractor. The on-site contractor assigning the work is not directly accountable for the costs.
 - Prior to May 2015, there was no clear process in place between Waste Management and the on-site contractor regarding accounting for the use of the second truck. We had expected to see a process looking something like this:
 - The on-site contractor kept a record of when they request a second driver (the contract requires that 24 hours' notice be provided to Trucking Contractor K) as well as actual hours worked by the second driver. A copy of these records would be provided to Waste Management, on a weekly basis. Waste Management would then compare this information to the support provided by Trucking Contractor K for charges on its invoices. Any discrepancies would then be resolved by reconciling with other documents such as sign-in sheets and daily trucking logs.
3. Adding services to the contract without processing a formal contract change.
 - From February to November 2014, Trucking Contractor K hauled other materials (waste water) for another contractor on-site at the EWMC. These hauling services were not part of the specifications for the on-site hauling contract with Waste Management.
 - Trucking Contractor K included the charges for the additional hauling on the invoices for the on-site hauling contract with the knowledge and approval of EWMC Management.
 - Waste Management did not issue a contract change order or an amending agreement to expand the scope of the on-site hauling contract.

- The other on-site contractor was supposed to reimburse Waste Management for the costs of the waste water hauling. As of July 1, 2015 the total charges were \$74,500 and Waste Management has not received any reimbursements. On September 22, 2015, we were informed by Waste Management that the on-site contractor is now on a re-payment schedule.
4. Amendments to tender documents were overlooked in administration of the contract.
- An addendum to the on-site hauling contract specifies that Waste Management would pay the contractor for fuel based on the actual usage.
 - Trucking Contractor K initially invoiced Waste Management for fuel usage as per the contract terms; however Waste Management rejected the charges based on the original tender terms, not the terms in the addendum.
 - Waste Management may now be liable to pay fuel charges to the contractor for the duration of the contract, estimated at \$6,000 per month.

Approval of invoices is just one of many contract monitoring functions. However it is one of the most important ones. Invoices need to be properly reviewed and analyzed prior to making any payments to avoid any improper payments to contractors.

In addition, the terms and conditions of contracts, including the scope of work, need to be clear, accurate, and complete to ensure that proper contract performance tracking can be conducted. We observed that for the on-site hauling contract, invoices were not appropriately supported, services were added to the contract without change orders, and amendments were overlooked in administering the contract.

5. Conclusion and Recommendations

Procurement and contracting monitoring policies and practices must be flexible enough to meet business needs while ensuring fairness, openness, and transparency. An important theme in public procurement is that broad competition provides the best guarantee that the principles of best value and open access will be achieved. Procurement is also a complex activity. It must comply with the requirements of a large number of central agency policies, comply with laws and obligations under various trade agreements, and withstand public scrutiny.

The contracts examined in our investigation were assessed against the following criteria:

1. The contracts followed the purchasing principles outlined in Administrative Directive A1439C, *Procurement of Goods, Services and Construction*.
2. The terms and conditions of contracts including the scope of work are clear, relevant, and complete.
3. Amendments and changes to contracts are properly justified.
4. Clear evidence exists that contracted services were rendered.
5. Payments are appropriately supported, accounted for, and approved.

We reviewed seven contracts – four related to concrete crushing services and three related to hauling services. We identified deficiencies in the way Waste Management designed, managed, and/or controlled four of these contracts. Within the limitations of the number of contracts reviewed and the investigation procedures performed, we concluded that there are opportunities for improvement that may also be applicable to other Waste Management contracts.

These areas for improvement include:

- Ensuring work specifications, scope of work and payment terms are clear, relevant, and complete, enabling business units to mitigate risk in situations where there is non-conformance.
- Creating sufficient documentation to support contract awards, especially sole-source awards.
- Improving contract administration by issuing proper change orders and/or amending agreements as required.
- Ensuring proper support for and review of invoices prior to payments.
- Reconciling amounts charged on invoices to records kept independently from contractor (for example, records kept by City).

While the findings presented in this report are not necessarily indicative of a systemic problem within EWMC, they do indicate the need for a broader review of procurement and contract monitoring practices at EWMC specifically related to invoice review and approval.

Based on preliminary discussions of our observations, the Chief Financial Officer commissioned an external consulting firm to conduct a broader review of contract practices related to procurement and contract monitoring at EWMC. Waste Management is currently in the process of implementing the recommendations from this review.

In addition, Waste Management has informed us that after having had the concerns regarding the on-site hauling contract highlighted by the Office of the City Auditor, discussions have been held with the contractor. A tentative settlement has been reached that beginning with the June 2015 invoice, payment for the second truck will be on the basis of actual hours worked, and payment for fuel will be based on actual usage. This reflects the intent of the contract including the tender addendum. A further amending agreement to formalize this settlement is being developed.

We provided one additional recommendation to Waste Management to address the issues observed during this review.

Recommendation 1 – Contract Monitoring Oversight

The OCA recommends that the Director Processing and Disposal conduct random reviews and tests of invoice verification procedures that Supervisors follow to ensure each application for payment is accompanied by sufficient evidence to support the payment claimed.

Management Response and Action Plan

Accepted

Comments: Protocol to be developed and implemented. See Appendix I - Draft Contract Invoice Verification Protocol.

Planned Implementation Date: Immediate development of Protocol with full implementation by December 31, 2015. See Appendix II – Contract Invoice Verification Action Plan.

Responsible Party: Director of Processing and Disposal, Edmonton Waste Management Centre, Waste Management Services

We thank the management and staff of both the Waste Management Services Branch and Corporate Services Department (Corporate Procurement and Supply Services, Corporate Security, and Labour Relations) for their support, cooperation, and assistance during this review.

Appendix I – Protocol for Contract Invoice Verification

1. Definitions:

- a. Director refers to the Edmonton Waste Management Centre Director, Waste Management Services.
- b. General Supervisor refers to the General Supervisor of the relevant work area.
- c. Contract Manager refers to the person responsible for managing the specific contract.

2. Actions:

- a. The Director randomly selects one contract to be reviewed each month. The contract can be either capital or operating.
- b. The Director informs the responsible General Supervisor that the review will be conducted and a meeting to do so will be scheduled within one week.
- c. At the meeting, the Director and the General Supervisor (along with the Contract Manager at the General Supervisor's discretion) will:
 - i. Review the invoice in question to determine if protocol was followed.
 - ii. Ensure supporting document has been obtained and retained to support the payment.
- d. If the Director determines that there is a shortcoming, the General Supervisor will draft a go-forward plan to address the shortfalls and ensure it will not happen in future invoices.
- e. If any shortfalls are general enough to apply to other contracts, the go-forward plan will be shared with the General Supervisor's group in order to facilitate learning and improved site-wide processes.
- f. The attached Contract Invoice Verification Sign-Off will be completed by the Director and signed by the Director and the Contract Manager.
- g. The Completed Contract Invoice Verification Sign-off will be filed in the electronic contract folder on the shared drive.
- h. Copies of the invoice and supporting documentation will be retained.

3. Deliverables

- a. Completed Contract Invoice Verification Sign-Off.
- b. Copy of Invoice.
- c. Copy of Supporting Documentation.

Appendix II – Contract Invoice Verification Action Plan

Action	Assigned to:	Aug, 2015	Sept, 2015	Oct, 2015	Nov, 2015	Dec, 2015	Monthly, going forward	Semi- Annually
Assess Areas of Risk / Vulnerability	Director, EWMC	√						
Explore Options to Mitigate Risk	Director, EWMC	√						
Identify Preferred Option	Director, EWMC		√					
Develop Protocol	Director, EWMC		√					
Review and Approve Protocol	Manager, Waste Management Services			√				
Implement Protocol	Director, EWMC			√	√	√	√	
Train Contract Managers	Director, EWMC				√			√
Review Protocol	Director, EWMC							√