

## **Audit of Solid Waste Management Services - Contract Management for Solid Waste Collections, Organics Processing Services and Construction Projects**

**Date:** June 24, 2026

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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The confidential attachment to this report contains information that is subject to litigation or potential litigation that affects the City of Toronto.

### **SUMMARY**

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Solid Waste Management Services (SWMS) is responsible for collecting, transporting, processing, composting and disposing of municipal and some private sector solid waste.

The Auditor General's [2025 Work Plan](#) included an audit of Solid Waste Management Services' contract management processes. From July 2022 to July 2025, SWMS' contract portfolio included over 300 contracts valued at \$1.8 billion, with the earliest contract starting in 2011 and some ending in 2030. This audit focused on contracts managed by two SWMS sections: Infrastructure and Resource Management and Collection and Litter Operations.

This audit assessed whether SWMS has contract management systems, policies, and processes in place to monitor the performance of contracted service providers and hold them accountable for meeting expected outcomes and terms and conditions as stated in the contracts, and whether contract payments are properly supported and in accordance with the City's policies and procedures.

Our audit identified opportunities to:

- A. Ensure Contractual Performance Requirements are Met Through Enhanced Monitoring Activities and Accountability Mechanisms

B. Strengthen Payment and Change Order Review Processes to Ensure Compliance with Contracts, Policies and Procedures

## **RECOMMENDATIONS**

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The Auditor General recommends that:

1. City Council request the General Manager, Solid Waste Management Services (SWMS) to:

- a. Ensure contracted service providers that are required to respond to and address 311 service requests do so in accordance with the contractual requirements
- b. Ensure service providers are meeting their contractual requirement to provide complete Global Positioning System (GPS) data for trucks in service
- c. Enhance SWMS' contract monitoring procedures to include assessing the accuracy and completeness of the collections service providers' daily reports
- d. Perform a cost-benefit analysis on further leveraging GPS data use for contract monitoring purposes, including the opportunity to improve the GPS system reports to contain location data records at frequent intervals.

2. City Council request the General Manager, Solid Waste Management Services to ensure the organics processing facility operators:

- a. Meet contractual requirements, which are inclusive of quality and quantity performance standards, maintenance, regulatory, and health and safety requirements
- b. Take corrective actions to rectify non-compliance instances in a timely manner, as determined and documented by Solid Waste Management Services.

3. City Council request the General Manager, Solid Waste Management Services to:

- a. Ensure external consultants document and submit their inspection reports according to the contract terms and policies and procedures used by Solid Waste Management Services
- b. Retain external consultants' inspection reports and establish routine spot checks to ensure the information in the reports is complete and accurate
- c. Monitor external consultant Request For Information (RFI) response times and completeness of project RFI logs against contract requirements.

4. City Council request the General Manager, Solid Waste Management Services, in consultation with the Chief Procurement Officer and Legal Services, to:

- a. Ensure that liquidated damage categories included in future collection service provider contracts meet the criteria for SWMS staff to be able to apply them effectively, as well as explore incorporating other contractual accountability mechanisms (e.g., key performance indicators, performance targets) that can be utilized more effectively for contract management purposes
- b. Develop and incorporate key performance indicators and performance targets into the scope of work of future organics processing facility operator contracts, where applicable, to encourage desired performance and assess vendor performance
- c. Develop and incorporate key performance indicators and performance targets relating to quality and timeliness of services into the scope of work of future construction contractor and external consultant contracts, where applicable, to establish performance standards, encourage desired performance and assess vendor performance.

5. City Council request the General Manager, Solid Waste Management Services (SWMS) to:

- a. Ensure SWMS contract managers complete performance evaluations in accordance with the frequencies outlined in the Purchasing and Materials Management Division (PMMD) Supplier Performance Evaluation procedure and SWMS' policies and procedures
- b. Ensure all SWMS contract managers complete PMMD's training and annual refreshers relating to PMMD's Supplier Performance Evaluation procedure requirements for all contract types
- c. Ensure SWMS contract managers monitor whether construction contractors and external consultants take appropriate corrective action in response to areas where they do not meet performance expectations, including communicating, reviewing and documenting whether issues persist or are resolved.

6. City Council request the Chief Procurement Officer, Purchasing and Materials Management Division to:

- a. Review and enhance its Supplier Performance Evaluation procedure to clarify its applicability to service contracts
- b. Develop a corporate-wide framework and implementation plan to incorporate performance evaluation scores into future bid evaluations, in consultation with relevant divisional representatives
- c. Provide training and annual refreshers to contract managers and staff with delegated or assigned contract management responsibilities, including

responsibility for vendor oversight, performance monitoring, deliverable validation, or contract administration, on PMMD's supplier performance evaluation policy and procedure requirements for all contract types.

7. City Council request the General Manager, Solid Waste Management Services to:

- a. Ensure invoices (and supporting documents) are reviewed and verified to be in accordance with the contract terms and related policies and procedures, before payment is approved (for all contract categories)
- b. Ensure all supporting documents for the invoice package are obtained and retained as required by the contract (for all contract categories)
- c. Establish guidelines for reviewing, analyzing, and documenting external consultant invoices.

8. City Council request the General Manager, Solid Waste Management Services (SWMS) to:

- a. Ensure external consultants and SWMS contract managers follow the change directive process, which includes issuing a formal signed change directive form (for construction contractors) or written authorization (for external consultants) before the extra work is performed, as required by the policies and procedures implemented or adopted by the SWMS division
- b. Develop a policy that requires the use of standardized "root cause" categories to identify and track all change orders for contracts
- c. Establish procedures for assessing when and how to pursue claims and cost recovery of change orders, including a consideration of the cost and benefit of pursuing such claims
- d. Implement a process to centrally track change orders, including volume, value, root cause category, and analyze trends across all contracts to identify areas of continuous improvement
- e. Ensure SWMS contract managers review and approve all change orders, including the accuracy and completeness of change order supporting documentation, as well as the change order pricing, ensuring mathematical accuracy and compliance with contract terms (e.g., markups)
- f. Provide annual refresher training to SWMS contract managers on the applicable change directive and change order policies, procedures, and required documentation.

9. City Council direct that Confidential Attachment 1 to the report from the Auditor General remain confidential in its entirety, as it contains information that is subject to litigation or potential litigation that affects the City of Toronto.

## FINANCIAL IMPACT

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Addressing the recommendations in this report will help SWMS improve the effectiveness and efficiency of its contract management of its diverse portfolio of contracts. Our audit resulted in the recovery of \$12,900 due to identified errors in invoice payments and \$14,600 related to change order errors. Any further potential financial implications of improved processes, and any anticipated efficiencies and/or resources needed, could not be determined at the time of this report. While this audit focused on contracts managed by two sections: Infrastructure and Resource Management and Collection and Litter Operations, additional cost avoidance is possible if certain recommendations are applied in managing other contracts at SWMS.

## DECISION HISTORY

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The Auditor General's [2025 Work Plan](#) included an audit of Solid Waste Management Services' contract management processes.

## COMMENTS

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A high-level summary of key audit findings is provided in the Audit at a Glance.

The attached audit report provides the Audit Committee and Council members with detailed audit results and recommendations together with management's response. Management has agreed to all 8 recommendations.

## CONTACT

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## SIGNATURE

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Tara Anderson  
Auditor General

## **ATTACHMENTS**

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Attachment 1: Audit of Solid Waste Management Services - Contract Management for Solid Waste Collections, Organics Processing Services and Construction Projects

Confidential Attachment 1