Presentation to City Audit Committee
on July 10, 2026
Agenda Item AU13.7

AUDITOR GENERAL TORONTO

Audit of Solid Waste Management Services –

Contract Management for Solid Waste Collections, Organics Processing Services and Construction Projects

Tara Anderson, CPA, CA, CFE, CIA, BAcc
Auditor General

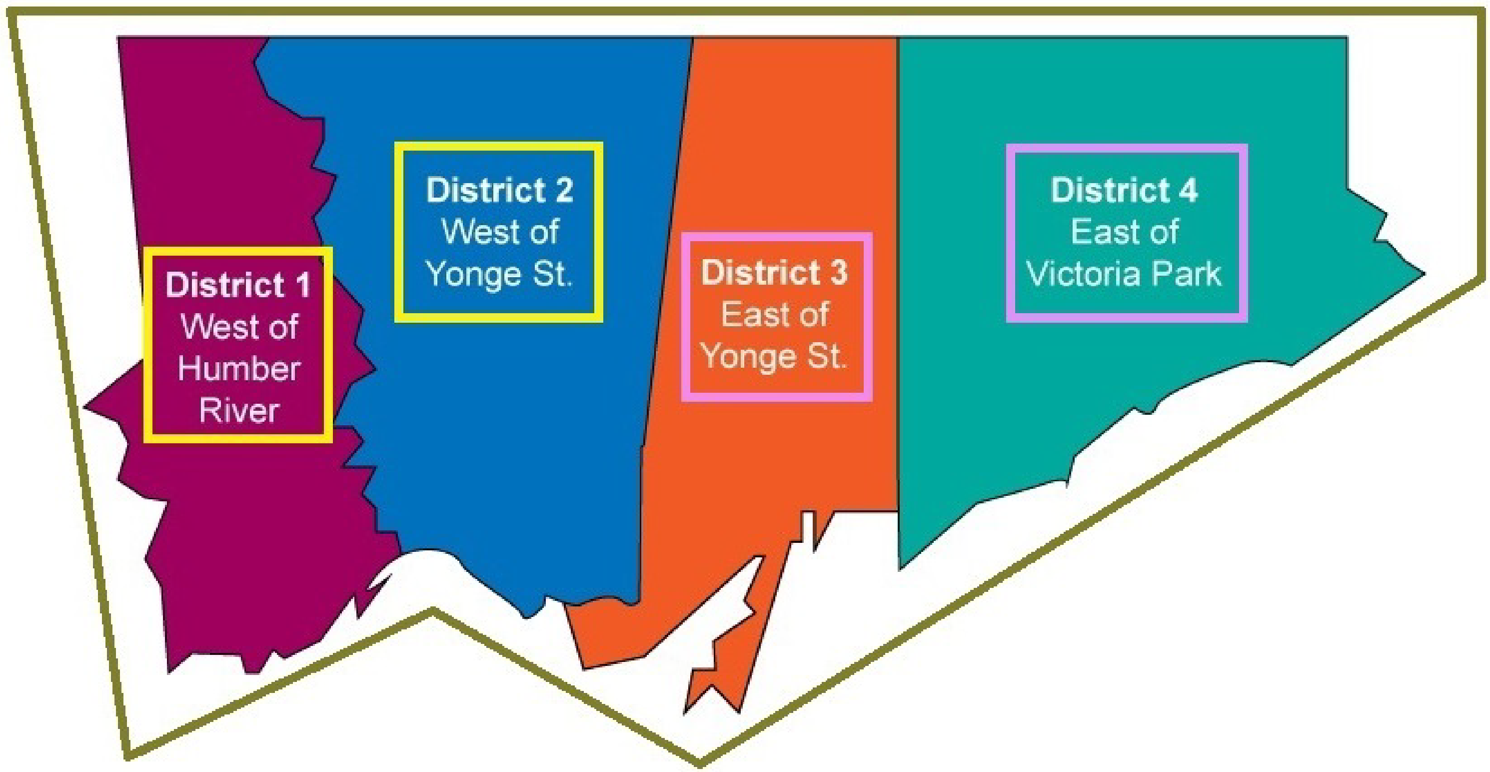
Ariane Chan, CPA, CA, BCom, MBA
Assistant Auditor General

Claire Pastore, CPA, CA
Senior Audit Manager

Presentation Overview

1. Background
2. Why this audit matters
3. Audit objectives
4. Opportunities for improvement
5. Closing remarks

Background



Legend

- Yellow box: Daytime Residential curbside collections*, Contracted service, within audit scope
- Pink box: Daytime Residential curbside collections*, In-house service, out of audit scope
- Olive box: Daytime Front-end bin collections**, Contracted service, within audit scope

*Daytime Residential curbside collections primarily refer to collections from single-family households

**Daytime Front-end bin collections include multi-residential, non-residential, and agencies, corporations, schools

Background

Solid Waste Management Services is responsible for:

- Collecting materials
- Transporting materials
- Disposing materials
- Processing materials
- Maintaining physical assets, including managing construction projects

Why This Audit Matters

Solid Waste Management Services (SWMS) manages the City's waste material **from collection to disposal**, which is a **critical public service.**

The division uses **both in-house and contracted services.**

SWMS' **diverse contract portfolio** is valued at **$1.8 billion with over 300 contracts.**

This focus of this audit was on SWMS' **contract management of solid waste collections, organics processing services and construction projects.**

Audit Objective

- Does SWMS have contract management systems in place to **monitor the performance of contracted vendors**?
- Does SWMS hold vendors accountable for meeting expected outcomes and contract terms and conditions?
- Are **contract payments are properly supported** and according to City’s policies/procedures?

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

A.1 Solid Waste Collection Service Providers

Management reported 99.9% reliability for collection services. We found opportunities to improve the monitoring of contracts for:

- Missed collection service requests (SRs)
    - 33% increase from 2020 to 2025 for two contracts
    - 7,045 missed collections, 41 whole streets missed from January to June 2025
- Disputed service requests
    - Initial request for 43% of the disputed SRs reviewed were not addressed by service provider
- Compliance with standard service times for service requests

A.2 Organics Processing Facility Operators

Performance standards and requirements related to equipment maintenance, spare parts inventory, regulations, and health & safety **not consistently met**

A.3 External Consultants on Construction Projects

We found opportunities to improve the monitoring of contractual requirements, as we noted:

- Inspection reports were missing for 45% of consultant payments reviewed

- Requests for information were not consistently documented or responded to within the required five business days

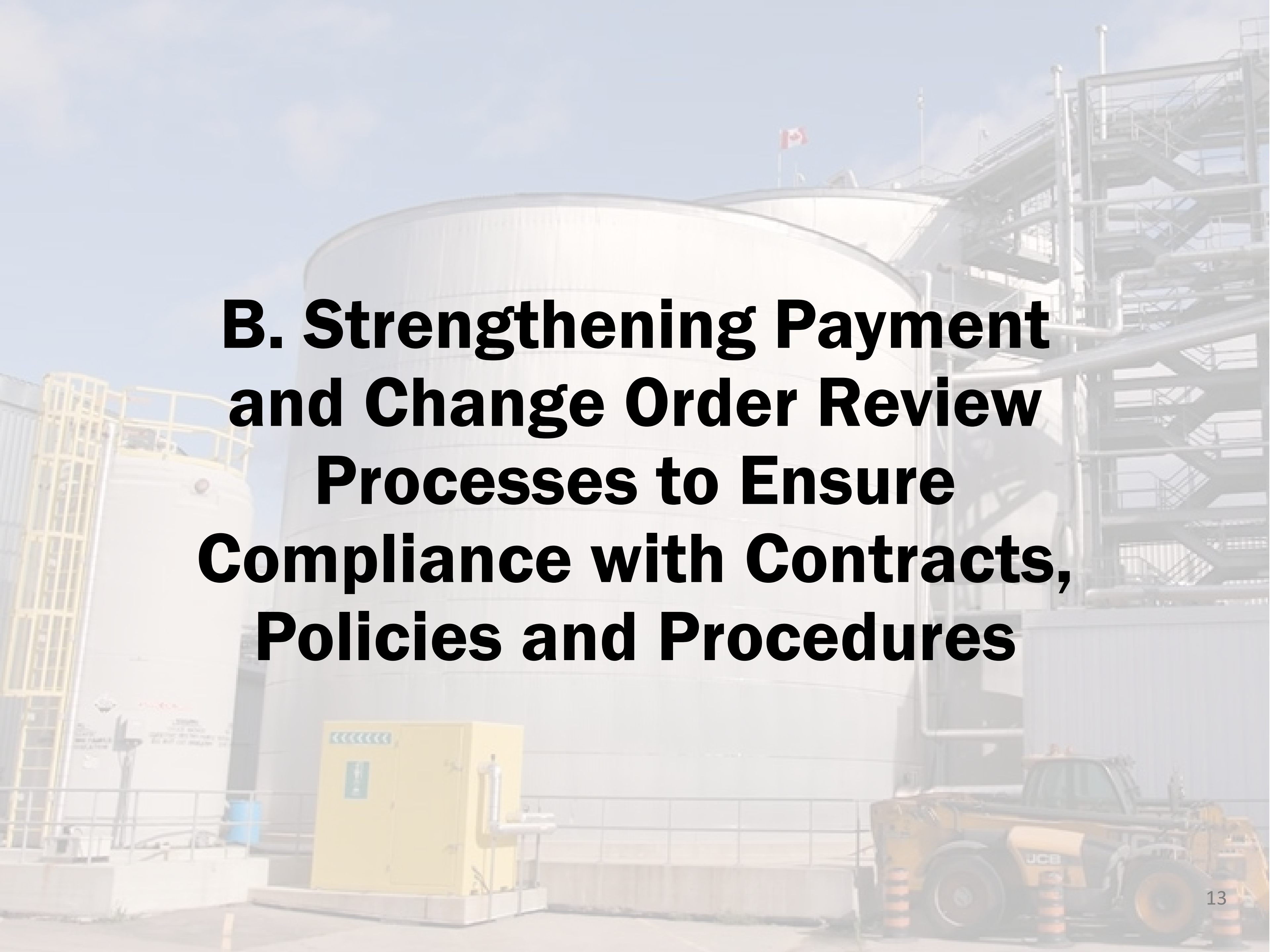
A.4 Contractual Accountability Mechanisms

Key performance indicators and **performance targets** included in contracts could enhance monitoring and incentivize contract performance

A.5 Performance Evaluations

We found opportunities to improve the use of performance evaluations to:

- inform future procurement decisions
- provide timely feedback



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

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Our audit identified the following:

- **$27,600** in invoice overpayments
- **$14,000** of change order errors
- Work performed before written authorization/change directive issued
- No centralized process to **track change orders**

Closing Remarks

- Implementing the **8 recommendations** will:

    - strengthen contract management and oversight
    - hold vendors accountable
    - reduce the risk of overpayments and contract non-compliance
    - support better management of project changes

- Management has agreed to all recommendations

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