

**CITY OF HAMILTON  
INTERNAL AUDIT REPORT 2012-05  
LONG TERM CONTRACT REVIEW  
RECYCLING COLLECTION SERVICES (BLUE BOX COLLECTION)  
FOLLOW UP – JANUARY 2014**

**Background**

On June 7, 2007, a contract (the "Contract") was entered into by the City of Hamilton (the "City") and National Waste Services Inc. (the "Contractor") (now GFL Environmental East Corporation) to provide recycling collection services in conformance with the terms of the Contract.

The primary service provided by the Contractor for this contract is the collection of recyclables and their delivery to the City's Materials Recycling Facility (MRF). The Contract is effective from March 31, 2008 to March 31, 2013, and consists of five contract "Service Periods" that are each approximately one year in duration.

**Review**

As part of the 2012 Internal Audit work plan, Council approved the review of the terms of the contract for compliance by the City and the Contractor. The Contract is comprised of 4 schedules (Schedules A through D) that define the specifications and terms of the contract. Specific tests were designed by Internal Audit to review key sections and schedules of the Contract including: performance security; performance review; permits, licences and approvals; insurance; meetings; collection requirements and compensation. As the terms of the Certificate of Approval from the Ministry of the Environment are the responsibility of the Contractor, no detailed work other than the verification of a certificate in good standing was conducted by Internal Audit.

Based on Audit Services' review of records, related documentation and corroboration obtained from the management of the City's Operations and Waste Management Division, the operational requirements of the Contract have been met. The City's management and oversight over the contract appear effective. Some administrative matters were discussed with staff but since they represent low risk to the City due to the length of time that has already transpired in the term of the contract or due to the a pattern of good communication between the parties, these issues are not itemized in detail in this report.

The only item of relative significance to potential non-compliance lies in Section 15 of the Contract dealing with Permits, Licences and Approvals. Section 15 requires that all persons supplying services hold valid and current licenses required by law with respect to the services supplied by them. The City does not currently verify the licensing of drivers. Regular spot checks are conducted to verify safety items and proof of vehicle insurance but driver licensing is not included in these checks.

***It is recommended:***

***That verification of driver licensing be added to the safety spot checks that are regularly conducted by the City.***

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***Management Response:***

***Agreed. Management will be amending the Spot Safety Check form to include operator's driver licence. Further, Staff will use the spot safety checks as an effective tool to ensure compliance with corporate and divisional regulation/requirements. This initiative will be expanded across the Operations and Waste Management Division. Implementation of the revised form and expanded rollout across the division is expected by the end of September 2012.***

**Follow Up Comment (January 2014)**

***In Compliance.*** A new contract was entered into by the City of Hamilton and GFL Environmental East Corporation to provide waste collection services, effective April 1, 2013. The requirement for all persons supplying services to have the necessary licenses to carry out the work outlined in the contract remains in effect. Audit Services observed that the verification of driver licensing has been added to the Vehicle Safety Spot Check Form and that individuals conducting the spot checks are verifying and documenting the Contractor's compliance in this regard.