

## EXECUTIVE SUMMARY

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The City of New Orleans (the City) Department of Sanitation (the Department) entered into new contracts for curbside trash collection in late 2006 after Hurricane Katrina (Katrina) left an estimated 30 million tons of storm related debris within the City.

These contracts were awarded in an open bid process<sup>1</sup> to Metro Disposal, Inc. (Metro); Richard's Disposal, Inc. (Richard's); and SDT Waste and Debris Services, L.L.C. (SDT) (the Sanitation Contractors). The contracts commenced January 2007 and were awarded for a seven-year period, with three annual renewals possible.

The OIG conducted a performance audit (audit) of the Department of Sanitation from January 1, 2007 through December 31, 2008. The objective of this audit was to determine if the City exercised proper oversight of the existing Sanitation Contractors' curbside trash collection services and other Contractors'<sup>2</sup> contract compliance to provide assistance with oversight.

The results of the OIG's audit consisted of 8 findings as outlined below:

Finding #1 The City Paid Sanitation Contractors Based Upon Projected Invitation For Bid Serviced Locations.

Finding #2 The City Could Not Demonstrate Documentation of SDT's Performance And Payment Bond Calculation for 2007.

Finding #3 The City Did Not Maintain Current Certificates of Insurance.

Finding #4 The City Was Not Named as an Additional Insured.

Finding #5 PFM's Invoices Did Not Provide Sufficient Detail of Costs.

Finding #6 PFM's Database Contained Uninhabitable and Ineligible Serviced Locations.

Finding #7 MWH's Invoice Descriptions Were Too Vague to Permit Appropriate Review.

Finding #8 MWH Miscalculated Its Invoices.

The Department of Sanitation's monitoring of contract compliance is a critical component of the Department's functionality. The recommendations in this audit report, if adopted, should improve oversight by the Department of Sanitation and compliance by the Sanitation and other Contractors.

In conclusion the audit revealed that the Department of Sanitation did not exercise proper oversight, as described in this report, over the Sanitation Contracts with Metro, Richard's and SDT nor with other Contractors, MWH Americas, Inc. (MWH) and Public Financial Management, Inc. (PFM).

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<sup>1</sup> An invitation for bid (IFB) is an invitation to contractors or suppliers to submit a bid on a specific project. The lowest bidder is awarded the contract in an IFB.

<sup>2</sup> The other Contractors are MWH Americas, Inc. (MWH) and Public Financial Management, Inc. (PFM).