

EXECUTIVE SUMMARY

In March of 2010, the Office of Inspector General (OIG) issued an audit report titled “The Department of Sanitation Contract Oversight Performance Audit” (the 2010 Report) to determine if the Department exercised proper contract oversight over the Sanitation and other contractors.³ The City of New Orleans (the City) response was prepared by the former Director of Sanitation (the Director) and the City’s former Chief Administrative Officer. The OIG, as a matter of policy, conducted a follow-up of the 2010 Report to determine if the Department implemented its corrective actions .

The 2010 Report covered three types of contracts:

- Curbside trash collection services contracts (Sanitation Contractors);
- Professional service contracts which developed a baseline assessment of serviced locations (Other Contractors⁴); and
- Professional service contracts which provided engineering, management assistance and advisory services (Other Contractors⁵).

The 2010 Report cited eight findings in the following areas: projected serviced locations⁶ (Finding #1), insurance and bond requirements (Findings #2 through #4), and reliance on other contractors⁷ (Findings #5 through #8).

The follow-up revealed that the Department implemented four out of eight corrective actions (Findings #2 through #4 and #7) in the 2010 Report. The Sanitation Contractors billed the City in accordance with the contract specifications, thus follow up was not necessary for Finding # 1. Findings #5 and #6 did not require further follow-up because PFM was not used as a consultant in 2011. Finding #8 also did not warrant any follow-up because the City did not renew the MWH⁸ contract in 2011.

The audit revealed that the City paid the contractors approximately \$32,794,503⁹ in 2008. The total payments to the contractors in 2011 were approximately \$28,753,131 (2012-2014)¹⁰ which resulted in an annual savings to the City on the Sanitation contracts of approximately \$4,041,372¹¹.

The City’s estimated total savings from 2011 through 2014 is approximately \$13,522,775¹² from the original contract terms. The estimated savings indicated that the City has made progress in reducing costs for its Sanitation contracts.

³ Other contractors included MWH and PFM. Sanitation contractors included Richards, Metro and IESI (SDT).

⁴ PFM provided the serviced locations house count for the City.

⁵ MWH provided the City with management and engineering services.

⁶ Serviced locations are commonly referred to as house counts.

⁷ Other contractors included PFM and MWH.

⁸ The City was paying MWH an average of \$442,000 annually since 2005 for Sanitation related services.

⁹ See Appendix – Table A.

¹⁰ See Appendix – Table B.

¹¹ Ibid.

¹² See Appendix – Table B. This computation is based upon 2008 serviced locations count.