



The Department of Sanitation's Contract with Waste Management of New York, LLC

What questions did the audit look at?

- ▶ Were payments by the Department of Sanitation (DSNY) to Waste Management of New York, LLC (WMNY) accurate and in compliance with contract terms?
- ▶ Did WMNY comply with other major contract terms and conditions?

Why does it matter for New Yorkers?

As part of its mandate to manage and dispose of solid waste in New York City, DSNY often contracts with outside vendors. In 2007, DSNY entered a 20-year, \$1.1 billion service contract with WMNY to manage a waste transfer station in the South Bronx and provide transportation and disposal services from that site.

This audit was initiated to determine whether DSNY exercised proper oversight over the contract, and whether payments to WMNY were accurate. The audit found that DSNY generally maintained proper oversight of WMNY operations in the Bronx; however, we also found that DSNY did not have procedures in place to ensure that WMNY maintained insurance coverage from 2008 to the present. As a result, DSNY had no coverage documents for these years on file.

When DSNY eventually provided these documents to the auditors, we discovered that coverage amounts had not been adjusted based on the Consumer Price Index in successive years. Therefore, WMNY may not have met the coverage requirements for the entire contract period.

Vendor contracts require proper insurance coverage to protect the City from liability claims. It is in the best interest of the City that DSNY enforce these requirements.

What changes did the agency commit to make following the audit?

- ▶ DSNY established a policy for reviewing, filing, and tracking insurance certificates, and agreed to centralize this process.
- ▶ DSNY agreed to review all other contracts with WMNY to ensure that it is complying with insurance requirements.

AUDIT FINDINGS



DSNY generally maintained adequate oversight over its contract with WMNY.



DSNY did not have procedures in place to ensure that WMNY maintained annual insurance coverage.



WMNY may not have met the contract's insurance coverage requirements.



Audit Recommendations

Agency Response

1

DSNY should ensure that it enforces its newly created policy for the annual receipt, review, filing, and tracking of insurance certificates. DSNY should consider centralizing this process for the whole agency using software or some other tracking and notification system.

AGREED

2

DSNY should review all other contracts with WMNY to ensure that it is complying with the insurance requirements.

AGREED



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