

## Waste and Recycling – Blue Cart Contamination Prevention Audit

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### EXECUTIVE SUMMARY

The City Auditor's Office issued the Waste and Recycling – Blue Cart Contamination Prevention Audit Report to Administration on October 17, 2019. The report includes Administration's response to four recommendations raised by the City Auditor's Office to improve the rigour with which contamination prevention activities are evaluated. Administration accepted all recommendations and has committed to the implementation of action plans no later than February 1, 2021. The City Auditor's Office will track the implementation of these commitments as part of our ongoing follow-up process.

#### ADMINISTRATION RECOMMENDATIONS:

1. That the Audit Committee receive this Report for the Corporate Record; and
2. That the Audit Committee recommend that Council receive this Report for the Corporate Record.

#### RECOMMENDATION OF THE AUDIT COMMITTEE, 2019 DECEMBER 06:

That Council adopt Administration Recommendation 2 contained in Report AC2019-1240.

### PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2019/2020 Annual Audit Plan was approved on September 18, 2018. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

### BACKGROUND

Waste and Recycling Services (WRS) has provided residential blue cart recycling services in the City of Calgary (The City) for the past 10 years since 2009. WRS collects recyclable materials weekly from over 325,000 households and takes them to a Material Recovery Facility (MRF). The Blue Cart Program is a key step towards achieving Council's goal of 70% waste diversion by 2025. In 2018, 48,000 tonnes were diverted through the Blue Cart Program alone. The success of the Blue Cart Program is impacted by participation levels and by the level of contaminants collected in the carts.

Contaminants are materials that are not accepted by the Blue Cart Program, which could harm WRS and MRF personnel, damage equipment and reduce the quality and marketability of recyclables. Starting with China in 2017, there has been a movement of regulatory changes to reinforce banned substances and reduce contamination rates, which has decreased global markets for recyclables.

Our audit objectives were to determine if WRS:

1. Has effective processes to evaluate and report on the effectiveness of activities and programs implemented to reduce contamination; and

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2. Contamination reduction activities are designed and operating effectively.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

WRS monitors contamination levels and utilizes an established mix of contamination prevention activities including education programs, communication campaigns, and tagging of visibly contaminated carts by Collection Services. Despite these ongoing activities The City has experienced an upward trend in contamination levels following the change from weekly to bi-weekly black cart collection, which began in July 2017. WRS recognized this trend in their risk register and responded with two new initiatives this year the: (1) Cart Spot Check Program and (2) Customer Understanding Project.

We determined some components of an evaluation framework are in place or work is underway to implement them. WRS is collecting data that may feed into an evaluation framework and support reporting on the effectiveness of activities and programs implemented to reduce contamination. Additional goal setting and evaluation processes are needed to determine if contamination prevention activities are making an impact and achieving value for money.

Our recommendations are directed to support WRS contamination reduction objectives by improving the rigour with which prevention activities are evaluated to continuously improve cost effectiveness. Two recommendations are classified as higher risk priority:

1. Define the appropriate level of contamination for hazardous household waste (HHW) and overall contamination and establish associated SMART goals and metrics.
2. Develop a process to escalate and remove HHW identified by the Cart Spot Check Program or Collection Services to protect the health and safety of workers.

### **Stakeholder Engagement, Research and Communication**

This audit was conducted with Waste and Recycling Services acting as the principal audit contact within Administration.

### **Strategic Alignment**

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

### **Social, Environmental, Economic (External)**

N/A

### **Financial Capacity**

#### **Current and Future Operating Budget**

N/A

#### **Current and Future Capital Budget**

N/A

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**Risk Assessment**

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure. This audit was undertaken as part of the approved City Auditor's Office 2019 Annual Audit Plan since an effective Blue Cart Program supports Council's waste diversion objectives. Further, contamination can harm WRS and MRF personnel, damage equipment, and reduce the quality and marketability of recyclables.

**REASON FOR RECOMMENDATIONS**

Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual audit report and forwards these to Council for information."

**ATTACHMENT**

Waste and Recycling – Blue Cart Contamination Prevention Audit – AC2019-1240 ATT