



City of Chicago



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Committee(s) Assignment:



OFFICE OF INSPECTOR GENERAL
City of Chicago



REPORT OF THE OFFICE OF INSPECTOR GENERAL:

***DEPARTMENT OF STREETS AND SANITATION
GARBAGE ORDINANCE ENFORCEMENT
FOLLOW-UP INQUIRY***

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MARCH 2015



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Inspector General

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March 10, 2015

To the Mayor, Members of the City Council, City Clerk, City Treasurer, and residents of the City of Chicago:

The City of Chicago Office of Inspector General (OIG) has concluded a follow up to its June 2014 audit of the Department of Streets and Sanitation's (DSS) enforcement of Municipal Code of Chicago (MCC) § 7-28-240 ("the ordinance") regarding eligibility for City garbage collection service. OIG concludes that DSS has not implemented corrective actions related to the original findings, and, as a result, significant savings and efficiency opportunities remain unrealized.

The purpose of OIG's June 2014 audit was to determine if DSS effectively and efficiently enforced the ordinance with respect to "grandfathered" multi-unit dwellings and not-for-profit organizations.¹ Our audit found that in these respects DSS did not enforce the ordinance effectively and efficiently.

Based upon the results of our audit, we recommended that DSS,

- take steps to ensure garbage collection services are provided to only those multi-unit dwellings eligible under the grandfather clause;
- develop and implement a more efficient process for updating the grandfather list on an ongoing basis in order to reduce the resources needed to enforce the ordinance;
- work with the City Council to set explicit standards in the MCC for not-for-profit refuse removal service. If the City Council chose not to formalize this service by amending City ordinance, we recommended that DSS provide refuse removal service to only those properties defined as eligible by City ordinance.

In January 2015, OIG inquired with DSS regarding the current status of any corrective actions taken by the Department. On the following pages we have summarized the two original audit findings and recommendations as well as DSS's response to our follow-up inquiry.

DSS has not implemented corrective actions related to the original findings. OIG therefore concludes that DSS's present enforcement of MCC § 7-28-240 remains neither effective nor efficient. The Department stated that it has not taken action to reform maintenance of the grandfather list. It noted a possibility of future legislative action but provided no specific details as to what the legislative action might entail or when it may occur. DSS also maintains that it has

¹ The ordinance's "grandfather" clause provides for City garbage collection service to certain multi-unit dwellings that would otherwise be required to procure private garbage service. City of Chicago, Municipal Code, § 7-28-240.

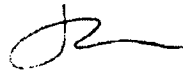
the authority to provide garbage collection service to not-for-profit organizations based on the powers and duties granted to the Department by its authorizing ordinance, MCC § 2-100.

We strongly urge that DSS pursue process modifications to ensure its estimated expenditure of \$3.3 million of taxpayer-funded resources is used to provide City garbage service only to multi-unit dwellings eligible under the grandfather clause. In addition, if DSS insists on continuing its provision of free service to not-for-profits, we urge the Department to pursue ordinance amendments granting it the discretion to do so and to set explicit standards and procedures for the program.

In the original audit, DSS estimated savings and efficiencies of nearly \$6.6 million respecting multi-unit and not-for-profit collection services. However, prompt legislative action on both accounts is required for projected savings to be realized in the City's 2016 Budget.

We thank the staff and leadership of DSS for their cooperation during the original audit and responsiveness to our follow-up inquiry.

Respectfully,



Joseph M. Ferguson
Inspector General
City of Chicago

Follow-Up Results

In January 2015, OIG followed up on a June 2014 audit of DSS's enforcement of certain eligibility restrictions in the ordinance regarding refuse collection services. DSS responded by describing corrective actions it has taken since receiving the original report.² We have summarized the two original findings, their associated recommendations, and the status of any corrective actions below. We have also directly quoted DSS's replies to our inquiry regarding each corrective action and provided our own responses. In this follow-up inquiry, OIG did not observe or test any of the described corrective actions and thus makes no determination as to their effectiveness, which would require a new audit with full testing of the corrective actions.

FINDING 1: **DSS has not effectively or efficiently enforced the ordinance regarding garbage collection service to multi-unit rental residences.**

OIG Recommendation: OIG recommended that DSS take steps to ensure garbage collection services are provided to only those multi-unit dwellings eligible under the grandfather clause. OIG further recommended that DSS develop and implement a more efficient process for updating the grandfather list on an ongoing basis in order to reduce the resources needed to enforce the ordinance.

Status of Corrective Action: **Not Implemented.** *"Since the OIG released its June 2014 audit of refuse collection services under MCC 7-28-240, we have had discussions with members of the Chicago City Council about the grandfather list and related DSS refuse collection services. Currently, we believe there is interest within the Council to amend MCC 7-28-240, which could significantly impact the grandfather list and related services.*

To ensure all communication with property owners is as clear and consistent as possible, DSS determined that any notifications to owners of properties on the grandfather list should be postponed pending potential legislative action. The department will work with the City Council to develop a fair and efficient approach to the amendment of the grandfather clause of MCC 7-28-240."

OIG Response: DSS cites the future possibility of legislative action but provides no specific details as to what the legislative action might entail or when it may occur. In the absence of actionable legislative proposals, we urge DSS to ensure its estimated expenditure of \$3.3 million of taxpayer-funded resources is used to provide garbage collection service only to eligible multi-unit dwellings. In addition,

² The June 2014 audit report is available on OIG's website: <http://chicagoinspectorgeneral.org/wp-content/uploads/2014/06/DSS-Ordinance-Enforcement-Audit.pdf>.

we maintain that DSS should establish a more efficient process to update and maintain the grandfather list.

FINDING 2: **DSS does not enforce MCC § 7-28-240 effectively because there is no legal basis in the ordinance for its \$3.3 million estimated annual expenditure for refuse removal service to not-for-profit organizations.**

OIG Recommendation: **OIG recommended that DSS work with the City Council to set explicit standards in the MCC for not-for-profit refuse removal service. If the City Council chooses not to formalize this service by amending City ordinance, OIG recommended that DSS provide refuse removal service to only those properties defined as eligible by City ordinance.**

Status of Corrective Action: **Not Implemented.** *"[I]t is the position of DSS that the department has the authority to provide these services under Chapter 2-100 of the Municipal Code."*

OIG Response: **OIG respectfully disagrees with DSS's assessment. As OIG stated in the original audit, the Department's \$3.3 million estimated expenditure for the provision of City garbage service to not-for-profit organizations constitutes a taxpayer expense that is not legally authorized under the MCC. If DSS wishes to continue this service, we strongly urge that the Department work with the City Council to amend its enabling ordinance to set forth explicit standards for the collection of garbage from not-for-profit organizations, and that, in doing so, it consider the recent legislation respecting the provision of free water to certain not-for-profit organizations as an instructive guide. Further, if the Department continues to provide this service without ordinance authority, it should, at a minimum, make and publicly share its own process and standards for eligibility and service provision under this program.**

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

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To Report Fraud, Waste, and Abuse in City Programs	Call OIG's toll-free hotline 866-IG-TIPLINE (866-448-4754). Talk to an investigator from 8:30 a.m. to 5:00 p.m. Monday-Friday. Or visit our website: http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/

MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations;
- audits of City programs and operations; and
- reviews of City programs, operations, and policies.

From these activities, OIG issues reports of findings, disciplinary, and other recommendations to assure that City officials, employees, and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.