

Executive Summary.**1. Introduction**

- 1.1 In April 2011, BDR (Barnsley, Doncaster and Rotherham Councils) chose 3SE (a partnership between Shanks Group plc (a specialist waste contractor) and Scottish & Southern Energy plc) to become the preferred bidder for the contract to treat their residual waste for 25 years.
- 1.2 The BDR Partnership secured £77.4 million of Private Finance Initiative funding from central government towards the cost of the scheme and a new waste treatment facility was constructed at the Council's Bolton Road, Manvers site.
- 1.3 The site became fully operational in July 2015 and is used to treat the left over waste from the three authorities, Barnsley, Doncaster and Rotherham, using a mechanical and biological treatment process.
- 1.4 The site processes left over waste from circa 300,000 properties with an estimated annual throughput of 265,000 tonnes per year of residual household / council commercial waste.
- 1.5 A small team of officers, the BDR Client Team, act as the liaison between the site operators and the three Councils. The team has the responsibility of ensuring compliance with the terms of the contract between BDR and 3SE and the terms specified in the Inter-Authority Joint Working Agreement (IAA2).

2. Scope and Objectives.

- 2.1 To ensure proper financial management and governance of the Waste Treatment Facility, Manvers.

To address this objective the audit enquiries were focused on the following areas:

- Have risks to the Council been identified and managed in the Environment and Development Services (EDS) Risk Register
- Ensure that the BDR Client Team has robust arrangements in place for checking the payments to 3SE.
- Are the outputs from the transfer station accurately recorded to satisfy the Council's reporting obligation to central government (via WasteDataFlow)
- Are there adequate arrangements in place for the effective performance monitoring of the contractor against the contract terms and conditions.
- Is BDR recharging Barnsley and Doncaster as per the agreed contract terms (IAA2).

3. Main Conclusions.

- 3.1 The major risks to the Council have been identified in the EDS Risk Register; however, for a number of risks there appears to be a lack of progress being made towards full implementation of the individual mitigating actions that need to be taken to address the risks.

- 3.2 Payments to 3SE appear to be broadly accurate and calculated as per the terms and conditions of the contract. One minor error was noted in the application of the contract terms, this has been highlighted to the Client Team.
- 3.3 Based on a sample of tests carried out on the outputs from the transfer station during September 2015, the outputs from the transfer station are recorded accurately.
- 3.4 The Client Team has recently introduced a monthly performance monitoring programme which will assist with the monitoring of contractor performance throughout the year and also contribute to the year-end contractor performance reconciliation process.
- 3.5 Based on a sample of payments made to 3SE that relate to waste treatment charges for the months of June, July and August 2015, Barnsley, Doncaster and Rotherham have been recharged appropriately for the correct amounts and in a timely manner (see also point 3.2).

4. Opinion

- 4.1 Internal Audit provides an 'opinion' based upon the work undertaken during our current review. This 'opinion' contributes to the production of the Council's Annual Governance Statement.
- 4.2 Based upon the results of our audit we consider that:-
 - a) The overall control environment is adequate and there are no fundamental concerns which would warrant consideration for inclusion in the Annual Governance Statement. However, implementation of our recommendations should enhance the control environment and provide an increased level of assurance to management.

5. Appendices.

- 5.1 Appendix A – Assurance Objectives, Conclusions, Findings and Recommendations
- 5.2 Appendix B – Action Plan