

## **Assurance Objectives, Overall Conclusions, Key Findings and Recommendations**

### 1. Assurance Objective

**Have risks to the Council been identified and managed in the EDS Risk Register?**

#### Overall Conclusion

**The major risks to the Council have been identified in the Council Risk Register; however, for a number of risks there appears to be a lack of progress being made towards full implementation of the actions that need to be taken to mitigate these.**

#### Key Findings

A total of 13 risks with 105 control measures are recorded on the EDS Risk Register. It is noted that a number of the control measures refer to the construction and commissioning of the plant. At the time of the audit the implementation of the control measures were:

- 32 = implemented (100% complete)
- 35 = in progress (various levels of completion)
- 7 = proposed (various levels of completion)
- 31 = withdrawn (100% complete (older risks))

Progress against the risks is monitored by the Client Team and reported at each meeting of the Joint Waste Board, however from a sample of control measures examined, it was evident that little progress had been made with control measure WPFIT0001/004 – Dispute Resolution (30% complete) and WPFIT0011/005 – Contract Manuals (25% complete).

#### **Recommendation 1**

The mitigating actions detailed in the Council Risk Register need to be progressed to full completion. There should be a reasonable timescale stated for each action and progress against this should be highlighted at the Joint Waste Board meetings. Any areas where there is no progress being made should be highlighted to the Board for their information and their consideration of whether to prioritise / allocate additional resource to aid completion.

#### **Recommendation 2**

The Client Team need to ensure that the current risks on the Council's Jcad system are transferred to the equivalent of Jcad (spreadsheet format) within the service and the progress against these is regularly monitored.

1.2 Assurance Objective

**Ensure that the BDR Client Team has robust arrangements in place for checking the payments to 3SE.**

Overall Conclusion

**The BDR Client Team has adequate arrangements in place for the checking of payments to 3SE. 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.**

Key Findings

Payments to 3SE for waste management services provided for the months of June, July and August 2015 were examined. All elements of the monthly net fee payable were confirmed to have been calculated and apportioned as per the payment mechanism detailed in the contract.

Testing revealed that the July payment calculation had used an incorrect figure for the calculation of the Transfer Loading Station Facility Payment – the contract states that the indexed figure used in this calculation should change to a different indexed figure in the year which service commencement occurs. This error has been pointed out to the BDR Contract Compliance Officer and is to be corrected for payments already made and payments going forward.

**Recommendation 3**

The error highlighted in the calculation of the monthly Transfer Loading Station Facility Payment to 3SE should be corrected for payments already made to the contractor and in the calculation of future payments for waste management services to the contractor.

The base tonnage monthly payment to the contractor is based on tonnage forecasts supplied by the contractor at the commencement of the contract. These are monitored on a monthly basis against the actual throughputs at the plant. The contract agreement states that a reconciliation exercise should be performed at the end of each quarter and an adjustment made to the base tonnage forecasted figure where appropriate. It is noted that this reconciliation exercise has not been performed. The BDR manager has indicated that a reconciliation will be performed at the end of the third quarter.

**Recommendation 4**

A base tonnage reconciliation exercise should be performed at the end of the third quarter and quarterly thereafter. Any revision to the base tonnage figure should be applied to payments to the contractor as per the contract payment mechanism.

With reference to the residual waste outputs from the plant, it is noted that the arrangements for applying the output data to the terms of the contract at the year-end have yet to be finalised (there is also a diversion and recycling target that is derived

from the waste ins and outs and an income share that is worked out at the end of the year from a basket of income once the base case income has been exceeded). The BDR Manager has indicated that the Client Team is looking at options of how to deal with any additional income / expenditure data at the year-end and the consequences to BDR as per the terms of the contract. It is understood that a preferred solution of buying in 'expert' assistance is being considered by the team.

#### **Recommendation 5**

The Client Team should ensure that resources are in place to address the year-end cost/profit or pain/gain process as specified in the contract. The process should be documented in order to produce a formal work instruction to identify each step of the process along with the roles and responsibilities of staff.

### 1.3 Assurance Objective

**Are the outputs from the transfer station adequately recorded and monitored?**

#### Overall Conclusion

**The outputs from the transfer station are recorded in sufficient detail to enable the Council to meet its obligations to provide accurate data to central government and to monitor the performance of the contractor, including the making of financial penalties in the event of underperformance. The Client Team is in the process of introducing a monthly output monitoring system to gain assurance that the municipal waste data provided by the contractor is accurate. Checks conducted on the output data for September 2015 has provided some assurance that the output weighbridge data provided by the contractor can be relied on.**

#### Key Finding

The site operator has a detailed recording arrangement in place to provide the information required to fulfil the Council's reporting obligations to government. A process of monitoring outputs from the transfer station has recently been introduced by the Client Team. The result from this initial exercise has revealed some discrepancies between the weights of the outputs recorded at the plant's weighbridge and the weights recorded by the recipients of the outputs from the plant, however this is most likely due to either moisture loss in transit or a difference between the weighbridges at both sites, or a combination of the two; the differences were minor and not a concern, however they have been identified by the Client Team for further investigation. The outputs from the site for September 2015 were checked against tonnage received data from the off-takers; this check has provided assurance that the output weighbridge data provided by the contractor is accurate. It was noted that due to poor information management on the part of the contractor, off-taker data was not available for inspection and reconciliation for the month of October 2015.

#### **Recommendation 6**

In order to gain assurance that the Council's municipal waste data reporting to government is accurate, the Client Team should have in place a routine monthly monitoring process where weighbridge weights of 100% of the outputs from the

transfer station are verified to the weight records of the respective off takers. Any verification discrepancies should be investigated, the findings recorded and the results reported to the Joint Waste Board.

**Recommendation 7**

The BDR Client Team should instruct the contractor (Shanks) to ensure that output data from the off-takers is filed and available for inspection without delay.

1.4 Assurance Objective

**Are there adequate performance monitoring arrangements in place?**

Overall Conclusion

**Sufficient performance monitoring arrangements are in place to enable the Council to fulfil its statutory reporting requirements to government through WasteDataFlow.**

**In addition the Client Team has introduced a series of performance monitoring arrangements in order to monitor the performance of the site operator against the performance standards stated in the contract.**

Key Findings

Certain performance standards, for example 'turnaround times', are embedded into the site operator's data recording and reporting mechanism and routinely monitored by the Client Team and any performance deductions applied to the monthly payments to the site operator; however other standards require a system of routine inspection to be undertaken by the Client Team. The Client Team has recently introduced a routine performance monitoring programme to assess performance of the site operator on a monthly basis. The programme is based on the performance standards as stated in the contract. The BDR Manager has risk assessed the indicators in order to identify those relevant to the operational aspect of the facility, and allocate each a red amber or green rating based on their potential risk to the organisation (financial, service, operational, safety, reputational). From an examination of the performance monitoring undertaken to date, it is not clear whether the examination frequency and intensity of the individual performance indicators has been based on structured methodology.

**Recommendation 8**

The BDR Manager should review the performance monitoring arrangements undertaken by the Client Team to ensure that the routine monitoring of all operational performance standards that have been classified as 'highly likelihood of impact on service or reputation' are included.

**Recommendation 9**

The performance monitoring programme should be structured to ensure that each performance standard is allocated a frequency and intensity for inspection – monthly, quarterly or annually.

1.5 Assurance Objective

**Is BDR recharging Barnsley and Doncaster as per the agreed contract terms (IIA)?**

Overall Conclusion

**With reference to payments made to 3SE that relate to waste treatment charges for the months of June, July and August 2015, Barnsley and Doncaster appear to have been recharged appropriately for the correct amounts and in a timely manner. There were no findings or recommendations arising from our audit of this area.**

1.6 Assurance Objective

**Are there adequate reporting arrangements in place?**

Overall Conclusion

**Reporting arrangements for the site operator and the BDR Client Team are considered to be adequate. At the commencement of the audit the Council's Waste Management Team raised a concern with the availability of timely information for reporting to WasteDataFlow. It is understood that the Waste Management Team have been working with the Client Team and this is no longer a concern.**

Key Finding

There is no process documentation to record who routinely produces what data/information, when, why and for whom.

**Recommendation 10**

The BDR Client Team should ensure that the right people receive the right information at the right time. To assist in this process the BDR Client Team should create a master document to detail the data/information flow throughout the waste transfer process along with the data/information requirements of staff.