

Assurance Objectives, Overall Conclusions, Key Findings and Recommendations

1. Assurance Objective

The agreed recommendations from the previous audit conducted in 2016 have been implemented in full.

1.1 Overall Conclusion

A total of 10 recommendations were made following an audit of the waste treatment facility during 2015/16. It is pleasing to note that all recommendations have been implemented in full by the BDR Manager.

1.2 Key Findings

Implementation of the recommendations has resulted in the following improvements:

- i. **Risk Register** - The old JCAD system (the risk management software used by the Council) recorded a total of 13 risks associated with the Waste Treatment Facility. Of the 13 risks, 5 related to the commissioning of the facility and the control measures identified to mitigate these risks have been fully implemented. The remaining 8 risks have been transferred from JCAD to the risk register sheet reported at the Joint Waste Team meetings. The current risk register contains an additional 6 risks. The rationale for the ranking of the risks appears to have been subject to a methodical process and the risks identified appear to cover the risks expected from the operation of a waste treatment facility.

In the absence of the JCAD system, there is no 'master' version of the risk register maintained by the BDR Client Team. In the absence of a master version of the register there is a risk that the progress taken to mitigate risks is not readily identifiable.
- ii. **Transfer Loading Station Facility Payment to 3SE** - The error highlighted in the 2015/16 audit report has been corrected in the December 2015 invoice.
- iii. **Base Tonnage Reconciliation** - Base tonnage reconciliations have been completed. The base tonnage payments were revised in October 2015 and again in February 2016.
- iv. **Year-End Reconciliation** - A financial advisor has been appointed to assist with the refinance and savings and the annual reconciliation for 2015/16 has been completed, however, 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.

- v. **Monthly Monitoring of Off-Takers** - The Client Team checks 100% of output from the facility.
- vi. **Availability of Off-Taker Information from Shanks** - All requested off-taker information has been made available by Shanks.
- vii. **Performance Monitoring** - The performance monitoring framework has been RAG rated and a monitoring inspection sheet has been created to inspect all aspects of the performance framework.
During last year's audit it was noted that contract manuals had not been finalised. This was discussed with the BDR Manager during the audit and it was evident that the BDR Team was working towards their completion. At the time of the audit it was acknowledged that the production of contract manuals was a complex process and as this was an ongoing process it was not felt appropriate to make a recommendation on this issue. However, the BDR Manager has indicated at the start of this year's audit that the contract manuals have not been completed.

Recommendation 1

Contract manuals for the operation of the Waste Treatment Facility should be finalised.

Recommendation 2

The BDR risk register should be maintained and updated in line with the Council's Risk Management Policy and Guide 2015.



Risk Management
Policy and Guide 2015

Recommendation 3

Work instructions on how to perform the 'year-end reconciliation' should be produced so that the BDR Client team are not solely reliant on the services of the financial consultant after his 3 year agreement has terminated.

2. **Assurance Objective**

The BDR Client Team is paying the correct amounts to 3SE.

2.1 **Overall Conclusion**

The BDR Client Team has adequate arrangements in place for the checking of payments to 3SE. Payments made to 3SE relating to the month of May 2016 had been calculated correctly and in line with the terms and conditions of the contract.

2.2 Key Findings

Payments to 3SE for waste management services provided for the month of May 2016 were examined.

The payment comprised the following elements:

- Base Tonnage
- Landfill Tax
- Landfill Gate Fee
- Other Adjustments – National non-Domestic Waste & Non-contract Waste
- Transfer Loading Station (TLS) payment

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.

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 methodology used for the basis of the ticket checks is a sensible methodology and the checks undertaken by the Client Team are thorough.

3. Assurance Objective

Outputs from the transfer station are adequately recorded and monitored.

3.1 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. Checks conducted on the output data for May 2016 has provided assurance that the output weighbridge data provided by the contractor can be relied upon.

3.2 Key Finding

The site operator has a detailed recording mechanism in place to provide the information required to fulfil the Council's reporting obligations to government.

A sample check of outputs relating to May 2016 was conducted for the following off-takers:

- Shaws
- Morris Co Ltd
- Woldwaste Ltd
- Lancashire Waste
- Stanton

The invoiced amounts were agreed to the net weights from the Boxi system. The total tonnages recorded on the Output spreadsheet for each off-taker for

the month of May were verified to the individual tonnage data recorded on the Boxi system for that month. It was confirmed that the total tonnage figures for each off-taker for May had been totalled correctly. During the audit it was noted that the output monitoring undertaken by the Client Team had not progressed beyond May 2016.

Recommendation 4

The Client Team need to ensure that output monitoring is up to date. This would assist in the rectification of any errors at an early stage and ensure that waste data flow reporting is accurate.

4. Assurance Objective

There are adequate performance monitoring arrangements in place.

4.1 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.

4.2 Key Findings

The Client Team have introduced a performance monitoring programme of checks to ensure that Shanks performance monitoring arrangements are working as expected and reported accurately. The Client Team are operating a rolling programme of checks based on performance indicators that have been categorised as red, amber or green to indicate a high, moderate or little likelihood of impact on service or reputation, and allocated a monitoring frequency to each i.e. once a year, quarterly or monthly. A draft monitoring and inspection work instruction has been formulated however this needs to be finalised.

Recommendation 5

Staff instructions for routine inspection and performance monitoring need to be documented to ensure that the Client Team has a clear understanding of their roles and responsibilities.

The Client Team monitoring sheets were examined for the 2016 calendar year to determine whether the performance monitoring frequencies as stated in the BDR Monitoring spreadsheet were being adhered to. Client Team inspections were performed in January, February, April, May, June August and September 2016. The frequency of testing was noted.

The following performance standards have not been inspected as per their monitoring frequency:

<u>Rag</u>	<u>Frequency / year</u>	<u>Reference</u>	<u>When Tested This year</u>
G	Twice	3.3.5	Never
G	Twice	3.3.6	Never
R	once	3.4.4	Never
A	monthly	3.6.1	3 times
R	once	3.8.1	Never
A	monthly	3.8.8	Never
R	once	3.9.2	Never
R	monthly	3.10.2	4 times
R	once	3.11.4	Never
R	once	3.11.5	Never
A	Monthly	3.12.1	Never
R	once	3.14.1	Never
R	once	3.15.2	Never
R	monthly	3.15.8	Never
R	once	3.15.9	Never
R	once	3.15.10	Never
R	monthly	3.15.3 & 3.15.4	Never
R	quarterly	3.16.3	Never
A	monthly	3.17.1	2 times
R	once	3.18	Never
A	monthly	3.19.11	Never
A	once	3.20.1	Never
A	once	3.21.11	Never
R	once	3.22.3	Never
R	once	3.22.3	Never

summary - There are 14 performance standards that should be checked once per year. There is still time to ensure that these are checked during 2016. Twelve of these are red risk rated. There are 8 performance standards that should be checked monthly; however 5 standards have never been checked.

Recommendation 6

A performance monitoring inspection plan should be drawn up to assist with the implementation of the Client Team's monthly site inspections and ensure that all performance standards are checked each year at least in line with their inspection frequency as stated in the performance monitoring programme.

Results from inspections undertaken by the Client Team are fed into an Action Log produced by the contractor for discussion at the (next) monthly meeting between BDR and 3SE. The Action Log also forms an appendix within the BDR Monthly Service Report.

Actions relating to inspections carried out by the Client Team in May 2016 were followed through to their reporting at the BDR and 3SE monthly meeting

in June to confirm that the issues found had been reported and the action taken to address the issues formally recorded.

The BDR and 3SE minutes were found to be difficult to read and the issues raised by the Client Team inspections were not easily identifiable within the minutes.

Recommendation 7

The structure of the BDR and 3SE minutes should be reviewed with a view to making them easier to read and provide a clear understanding of the issues discussed, the decisions made and the officer(s) responsible for any actions needed to be taken going forward. The minutes would also benefit from a formal agenda and structured paragraph numbering throughout.

Recommendation 8

The action log and progress against the actions should be formally reported at 3SE / BDR meetings as a specific agenda item. The issues raised and action taken should be clearly recorded.

5. Assurance Objective

BDR is recharging Barnsley and Doncaster as per the agreed contract terms.

Overall Conclusion

With reference to payments made to 3SE that relate to waste treatment charges for the month of May 2016, Barnsley and Doncaster were recharged appropriately for the correct amounts and in a timely manner. There were no findings or recommendations arising from our audit of this area.