



| INTERNAL AUDIT REPORT | |
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| Area of Review | Waste Management |
| Contact Officer | Internal Audit Manager |
| Date | May 2022 |
| Version | Final |

1. BACKGROUND

This audit has been undertaken as part of the approved Annual Internal Audit Plan 2021/22, and in accordance with the Audit Terms of Reference.

Hart District Council (HDC) and Basingstoke & Deane Borough Council (BDBC) entered into an Inter Authority Agreement (IAA) for Waste Collection and Recycling Services in February 2012. A new IAA, that included a draft Service Level Agreement (SLA), was entered into on 28 May 2021.

2. SCOPE OF THE REVIEW

The audit approach has been to review processes surrounding the control objectives stated below, perform walkthrough testing, where appropriate, assess the effectiveness of internal controls and ensure risk is managed effectively.

3. CONTROL OBJECTIVES

The scope of this review has encompassed the following control objectives: -

| Control Objectives | |
|--------------------|---|
| 1 | To ensure that the waste management governance arrangements are adequate, documented and being adhered to and that there are appropriate mechanisms in place to capture queries/complaints. |
| 2 | To ensure that there are Key Performance Indicators in place in the waste contract and that they are reported in accordance with the details shown in the contractual documents. |

4. AUDIT APPROACH

Our audit approach to this review has been to:

- Obtain and understand the relevant processes through discussions with key personnel, review of systems documentation and perform walkthrough tests, where appropriate.
- Identify the key risks within the function.
- Evaluate and test the effectiveness of the controls in place to address these risks.
- This review has been undertaken in compliance with the Internal Audit Public Sector Standards 2017.

5. OPINION ON CONTROL FRAMEWORK

The overall level of opinion that can be provided on the internal control framework for this review is: -

| Levels of Assurance | |
|---------------------|---|
| Substantial | Substantial assurance given where there is a sound system of controls in place, which applied consistently to enable achievement of the intended objective. |
| Satisfactory | Satisfactory assurance given where there is generally a sound system of internal control in place with only minor lapses, and in general, objectives achieved. |
| Limited | Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud, or the loss of reputation. |
| None | No assurance is given where weaknesses in control has resulted if a failure to achieve objectives. |

The level of assurance of this review is Satisfactory. There are some key findings on which this level of assurance is based, as follows:

- At the time of the Internal Audit in December 2021, there was no signed, agreed SLA between HDC and BDBC in place for Waste Management, only an unsigned draft for the provisions of the Joint Waste Client Team Function (JWCT).
- There is no formal record kept of agreed outcomes and actions for the monthly meetings that the BDBC's Waste & Recycling Manager holds with the HDC's Waste Monitoring Officer and HDC's joint Chief Executive.
- Performance reports, including Key Performance Indicators (KPIs), are not being reported as stated in the draft SLA.
- The JGG are not monitoring the as specified in clause 6.1 and 10 of the Renewal Deed for 1 April 2021 to 30 September 2026 between HDC and BDBC for provision of Grounds Maintenance and Street Cleansing (This issue and associated recommendation are also included in the Grounds Maintenance and Street Cleansing Services Internal Audit report dated February 2022).

This report seeks to highlight some of the key issues and assist in the development of an improvement plan. There are 4 medium findings with recommendations identified in this report.

6. SUMMARY OF IDENTIFIED RISKS AND RECOMMENDATIONS TO BE AGREED WITH MANAGEMENT

| | Risk | Issue identified | Risk Assessment | Recommendation | Management Response / Mitigation | Responsible Officer | Target Date |
|---|---|---|-----------------|--|---|--------------------------|-------------|
| 1 | Failure to have a signed Service Level Agreement (SLA) in place may lead to increased risk if disputes occur. | At the time of the Internal Audit in December 2021, there was a draft SLA for the JWCT that is responsible for the pursuant of the Waste Management Contractor. | Medium | It is good practice to have a signed SLA in place for Waste Management between HDC and BDBC | The absence of a signed SLA has been raised at JGG meetings and will be raised with the Chief Executive of Basingstoke and Deane Borough Council | Joint Chief Executive | June 2022 |
| 2 | Good practice as shown in the National Audit Office's "The good practice contract management framework" will not be followed. | The Sports & Leisure Manager undertakes the role of HDC's Monitoring Officer for Waste and receives monthly appendix 3, the HDC's KPI (Key Performance Indicators) sheets. The preceding months KPIs are discussed at a monthly meeting between the HDC's Waste Monitoring Officer and BDBC's Waste & Recycling Manager any issues would be brought to the attention of HDC's CEO and Head of Corporate Services. | Medium | A formal record of the the monthly KPI monitoring meetings held between HDC's Waste Monitoring Officer and BDBC's Waste & Recycling Manager should be prepared with agreed outcomes and actions. | A summary of meeting is emailed to JCEO and Head of Corporate Services with any issues highlighted, and actions required. | Sports & Leisure Manager | May 2022 |
| 3 | Performance reports including KPIs not being reported may lead to poor quality work and a decline in service delivery not being identified. | Internal Audit reviewed performance reports including KPIs received by HDC's Waste Monitoring Officer (the Sports & Leisure Manager) and those received by JGG to the draft SLA version 13 dated 25/11/2021. It was found that the SLA clauses 14 and 15 differs from the actual reporting, including with regards | Medium | Actual performance reporting including the monitoring of KPIs should follow the SLA particularly regarding the recipient and frequency of reports. | Health & safety incidents are included in the monthly report as a summary with the more detailed accounts being fed into the quarterly corporate health & safety meetings | Sports & Leisure Manager | May 2022 |

Audit: Waste Management

Final Report - May 2022

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| | | <p>to the recipient and frequency of reporting. Particularly, in that the HDC's Waste Monitoring Officer receives the KPIs in appendix 3 but does not receive reports in the following areas:</p> <ul style="list-style-type: none"> the monthly Client and Contractor report, so there would not be any monitoring of KPI for Health and Safety matters, number of incidents. Time sheets showing hours worked on Hart service for client team. | | | <p>BDBC waste & recycling manager has been reminded that they need to provide monthly</p> <p>time sheets showing hours worked on Hart service for client team. Update May 2022 – these sheets are now being received</p> | Sports & Leisure Manager | Complete |
| 4 | Good practice as shown in the National Audit Office's "The good practice contract management framework" will not be followed. | Monthly 1 to 1 meetings were held between BDBC's Waste and Recycling Manager and HDC's joint Chief Executive for Nov 21 to Jan 22, where handwritten notes were taken and are held and meetings planned for the next two months, Feb and March 2022. | Medium | The 1 to 1 meeting notes held between BDBC's Waste and Recycling Manager and the HDC's joint Chief Executive should contain any agreed outcomes and actions. | Agreed – any specific actions or areas of concern are noted and normally followed up by an email to check progress | Joint Chief Executive | May 2022 |