



# Waste Services Review Final Report 2021/22

Allerdale Borough Council

Report Ref:

Date of Issue: June 2022

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### Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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### Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

## Key Dates

Report Stage	Date
Discussion Document Issued	June 2022
Final Draft Report Issued	June 2022
Client Approval Received	June 2022
Final Report Issued	June 2022

## Report Distribution

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## Acknowledgement and Further Information

MIAA would like to thank all staff for their co-operation and assistance in completing this review. This report has been prepared as commissioned by the organisation, and is for your sole use. If you have any queries regarding this review please contact the Audit Manager. To discuss any other issues then please contact the Director. MIAA would be grateful if you could complete a short survey using the link below to provide us with valuable feedback to support us in continuing to provide the best service to you.  
[https://www.surveymonkey.com/r/MIAA\\_Client\\_Feedback\\_Survey](https://www.surveymonkey.com/r/MIAA_Client_Feedback_Survey)

# 1 Executive Summary

## 1.1 Objective

The objective of this review was to assess the adequacy and effectiveness of the system of controls and procedures currently in operation in relation to Waste Services.

## 1.2 Opinion

<b>Substantial Assurance</b>	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
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## 1.3 Key Findings

Allerdale Waste Services Limited was formed in November 2019 as a wholly owned Local Authority Trading Company of Allerdale Borough Council. The board consists of the three current Directors although Allerdale Borough Council may appoint additional Directors at any time, subject to the Articles, up to a maximum of six Directors. The directors of the board are responsible for the Company and compliance to all statutory and legal requirements and are required, under the terms of the Shareholders Agreements, to meet a minimum of four times each Financial Year.

The following provides a summary of the key themes.

Sub Objective	Key Themes
Governance Structures and Operating Model	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• A Business Plan and Annual Service Charge for 2022/23 has been developed and was approved by the Shareholder Committee on 28<sup>th</sup> January 2022.</li> <li>• Audit review of the Business Plan for 2022/23 identified that it clearly outlines the purpose of the Waste Service, company mission and values, operating revenue and performance measures.</li> <li>• The Mission, values and behaviours are communicated through the My Contribution appraisal scheme. My Contribution allows employees to identify future development as well as training needs and for objectives to be agreed and progress is reviewed and documented monthly.</li> </ul>

Sub Objective	Key Themes
	<ul style="list-style-type: none"> <li>• Audit testing was undertaken on a sample of 3 targets set for non-operational staff, identified that these appear to be considered and reasonable.</li> </ul> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• Testing of 3 My Contributions (1 manager &amp; 2 supervisors) identified that only 1 was completed as expected for the 2021-22 review period. <b>(Medium Risk)</b></li> </ul>
Operational Information	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• Audit review identified that there is a service risk register in place, which identifies 6 risks in relation to Waste Services.</li> <li>• Audit review identified that operational information in relation to Waste Services is produced on a regular basis.</li> <li>• A Performance Management Framework for service delivery is in place and updated on a regular basis.</li> </ul> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• There was a lack of evidence to demonstrate scrutiny and reporting of the risk register. <b>(Medium Risk)</b></li> </ul>
Health & Safety Management	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• Audit review identified that an employee handbook is in place which sets out the expectations of employees, including Health &amp; Safety at work.</li> <li>• There was evidence to demonstrate that Safe Manual Handling and Vehicle Hygiene training was provided to staff in April 2022.</li> <li>• Audit review identified that staff signed to confirm attendance at the training. It was confirmed that all staff documented appropriately received training.</li> </ul> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• Whilst there is evidence to demonstrate training provided in relation to Manual Handling, a training</li> </ul>

Sub Objective	Key Themes
	<p>needs analysis should be developed to identify any gaps in training and ensure training needs are appropriately identified and addressed. (<b>Medium Risk</b>)</p>
<p>Governance arrangements</p>	<p>Areas of good practice:</p> <ul style="list-style-type: none"> <li>• The Shareholder Committee was established in March 2020 by the Council’s Executive and was appointed to demonstrate a clear separation between the Council’s role as the Waste Collection Authority (WCA) and the Council’s role as shareholder of Allerdale Waste Services Ltd.</li> <li>• The Shareholder Committee key roles, objectives and TOR were agreed at the full meeting of the Council on 19<sup>th</sup> May 2021. The Shareholder Committee comprises of 3 Members of the Executive.</li> <li>• It is the responsibility of the Shareholder Committee to agree and approve the total Annual Service Charge whilst approving the Contractor’s Annual Business Plan.</li> <li>• The Shareholder Committee meet quarterly, or more frequently if required to receive, review and monitor AWSL business plans, financial and service performance reports.</li> <li>• Governance arrangements are set out in the Shareholder Agreement, which is the legal agreement between AWSL and Allerdale Borough Council.</li> <li>• Audit review of the Shareholder Committee minutes for the period September 2021 – May 2022 identified that that there was evidence to demonstrate that key agenda items in relation to the operations of Waste Services were presented and discussed.</li> </ul> <p>Areas for improvement:</p> <ul style="list-style-type: none"> <li>• There is a lack of evidence to demonstrate that actions identified at the Shareholder Committee meetings are documented and tracked to ensure</li> </ul>

### Sub Objective

### Key Themes

that they are appropriately assigned and monitored for implementation. **(Medium Risk)**

### 1.4 Recommendation Summary

The table below summarises the prioritisation of recommendations in respect of this review.

Critical	High	Medium	Low	Total
0	0	4	0	4

## 2 Engagement Objectives and Scope (Terms of Reference)

### 2.1 Objective

The objective of this review was to assess the adequacy and effectiveness of the system of controls and procedures currently in operation in relation to Waste Services.

## 3 Detailed Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

### 1. Risk Monitoring and Management

Risk Rating: Medium

#### Operating effectiveness

Key Finding – There was a lack of evidence to demonstrate scrutiny and reporting of the Waste Service risk register.

Specific Risk – Risks may have outstanding actions, become obsolete or include out of date information.

Risks may not be appropriately assigned resulting in outstanding actions or lack of monitoring and review.

Recommendation – Action plans should be produced for all open risks to mitigate risks, which are recorded on the risk register. Each gap in control identified should have a respective action plan. All actions should be assigned a lead/owner to ensure they are appropriately assigned for monitoring.

Assurances on the action plans in place should be reported to the relevant groups/committees on a regular basis.

Management Response – Recommendation accepted. Workshop arranged for 11 July 2022, to review the existing corporate risk register, following which a process will be introduced to produce action plans for all open risks and any identified gaps in control measures. Actions will then be assigned to a lead owner for monitoring and reporting back to the company board.

Responsible Officer – Charles Holmes

Implementation Date – 15<sup>th</sup> August 2022



## 2. Training Needs Analysis

Risk Rating: Medium

### Operating Effectiveness

Key Finding – Whilst there is evidence to demonstrate training provided in relation to Manual Handling, a training needs analysis should be developed to identify any gaps in training and ensure training needs are appropriately identified and addressed.

Specific Risk – Staff have not received training required.

Recommendation – The training needs of staff should be reviewed and training needs analysis should be developed to identify gaps in training.

Management Response – Recommendation accepted. Draft training matrix will be developed to ensure that all training needs are fully captured. The training matrix will also provide details of when re-training or training refreshment is required. Training can then be suitably arranged and implemented.

Responsible Officer – Graham Shepherd

Implementation Date – 5 September 2022

## 3. My Contributions

Risk Rating: Medium

### Operating Effectiveness

Key Finding – Testing of 3 My Contributions (1 manager & 2 supervisors) identified that only 1 was completed as expected for the 2021-22 review period.

Specific Risk – The Service may not be providing staff with appropriate opportunities to develop and achieve their personal goals and development needs.

Recommendation – It should be ensured that the My Contributions is fully completed for all staff on an annual basis to ensure targets are set and achievable.

Management Response – Recommendation accepted. My Contribution records are to be fully completed (quarterly) and confirmation provided to the Managing Director and progress and a relevant update reported through the company board.

Responsible Officer – Charles Holmes

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Implementation Date – 31 August 2022

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#### 4. Governance Arrangements

Risk Rating: Medium

##### Operating Effectiveness

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**Key Finding** – There is a lack of evidence to demonstrate that actions identified at the Shareholder Committee meetings are documented and tracked to ensure that they are appropriately assigned and monitored for implementation.

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**Specific Risk** – Actions may not be appropriately assigned resulting in outstanding actions or lack of monitoring and review.

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**Recommendation** – An action tracker should be developed and utilised at every Shareholder Committee meeting to ensure that any actions arising are documented, appropriately assigned and monitored for implementation.

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**Management Response** – Recommendation accepted. Action tracker will be developed for the next Shareholder Committee Meeting (31 August 2022). Actions will then be tracked through the Operations Meetings, Partnering Board Meetings and Shareholder Committee, as appropriate.

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**Responsible Officer** – Charles Holmes

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**Implementation Date** – 31 August 2022

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## Follow-up

A follow-up exercise will be undertaken during 2022/ 23 to evaluate progress made in respect of issues raised. This will include obtaining documentary evidence to demonstrate that actions agreed as part of this review have been implemented.

## Appendix A: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or could have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.