

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF WASTE AUDIT FOR 2016-17

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REVIEW OF WASTE AUDIT FOR 2016-17

INTRODUCTION

1. This report sets out the results of our systems based audit of **Waste Audit for 2016-17**. The audit was carried out in quarter 2 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 30/08/2016. The period covered by this report is from October 2015 to October 2016.
4. The Waste Management services budget for 2016/17 was set as £17,205,380. The collected income from trade customers includes payments/ part payments (direct debit customers paying quarterly) in respect of service which will be delivered. For 2016-17 budgeted income for trade waste was £1,736,730, and as at October 2016 £1,576,890 has been collected.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference however it was extended to include review of all defaults within the waste management contract given the initial findings identified for trade waste.

AUDIT OPINION

6. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

REVIEW OF WASTE AUDIT FOR 2016-17

MANAGEMENT SUMMARY

7. Initially this audit was a review of the trade waste collection service including analysis of current working practises and the management of contractors. There was probity testing for income and expenditure transactions.
8. Review of income collection from trade waste customers included testing of invoices, debt management, and the working relationship with the contractor. The information on Customer Relation Management system (CRM) was reviewed to ensure that the customer database is maintained and monitored.
9. The audit was also planned to review performance related issues, specifically interrogating missed bin collection reports for trade waste.
10. In reviewing trade waste, Internal Audit identified deficiencies with the current working practices for missed bin defaults across all waste collections. Areas for improvement have been identified and urgent management action is required to ensure recommendations made below are implemented to reduce the adverse impact and loss to the authority. Areas that require management attention are discussed in paragraph 11.

11. Default calculation for trade waste missed collections

In reviewing defaults for trade waste Internal Audit have identified significant deficiencies that applied to other aspects of the waste collection contract

- **Non collection of credits for defaults**

Credits for defaults for all type of waste collection have not been received for 2015-16. The Strategic Commissioner-Waste advised that the value of uncollected debt for 2015-16 is £68,000 and for 2016-17 the amount is yet to be determined. The outstanding amounts for both years are likely to be higher given the shortcomings in the calculations and application of the defaults identified in this review and discussed below.

REVIEW OF WASTE AUDIT FOR 2016-17

- **Bulk domestic**

The contract requirement for default calculation has not been actioned for bulk domestic bins since the start of the contract in 2001. The contract states that for the purposes of calculation of defaults for bulk domestic bins, each individual dwelling/flat affected should be classed as a property. There was evidence that a methodology was agreed in 2003, to consider each bulk bin to be the waste from 5 flats, however this agreed approach does not appear to have been adopted. Since introduction of recycling for flats, each bulk bin is expected to hold waste from 6 flats due to 20% reduction in volume of waste. However, currently each missed bulk bin is classed as single missed bin rather than 6. This represents under accounting households adversely affected and defaults credit due from the contractor. This is expanded below under the priority one finding.

- **Incorrect calculation methodology for defaults calculated**

The review of calculations for missed bins highlighted the following inaccuracies:

- As per the contract, one missed bin is allowed per round before a default is applied. The number of allowable missed bins on the spreadsheet does not correlate to the actual number of collection rounds undertaken by contractor.
- The defaults are calculated per calendar month for the missed bins. However, the first and the last week of the month do not always have 5 collection days. It was noted that the allowable missed collections were not adjusted to account for shortened weeks.

Both of these issues were raised with management, by email from Internal Audit, in October 2015 in relation to green garden waste.

REVIEW OF WASTE AUDIT FOR 2016-17

- **Reduced rates used by contractor since October 2013**

The review of invoices also highlighted that reduced rates have been applied to calculate the amount of credit due for defaults since October 2013. The charges detailed on the invoices checked since April 2013 did not agree to the charges declared by the Strategic Commissioner – Waste. Subsequent discussion with Head of Finance ECS confirmed that there was a discrepancy in the applied rates.

12. **Recovery of debt**

The outstanding invoices for trade waste are not being pursued as per the debt recovery procedure; the dunning process. Trade waste customers are invoiced annually in April. New customers joining part way through the year pay a pro-rata charge for the first year. The total amount outstanding for invoices raised in April 2016 is approximately £35,000 of which £26,000 is in respect of hire charges for containers.

13. There were two outstanding priority 1 recommendations from the Waste audit 2015-16 finalised in November 2015, relating to shortcomings in the retention of financial information and recording of defaults by the CRM system. Both recommendations were followed up as part of this audit. CRM is now correctly recording default stages and the recommendation is therefore implemented. Although, financial history is now recorded for individual customers, the income system is still being developed to accommodate direct debits for green garden waste and this recommendation is considered partially implemented. Recommendation relating to shortcomings in the income system has been partially implemented. Specifically audit testing has shown that for individual clients the system is now able to retain historical financial information. However, in relation to the income system being able to accommodate direct debits for Green Garden Waste, this is still being developed.

SIGNIFICANT FINDINGS (PRIORITY 1)

14. There are two Priority 1 findings identified in this report.

REVIEW OF WASTE AUDIT FOR 2016-17

15. In reviewing defaults for trade waste, Internal Audit identified deficiencies that applied to the waste collection contract in general. The shortcomings for the default process for trade waste and other waste collections have been summarised below.

Non collection of credits for defaults

LBB has not received any credits for defaults from the contractor since April 2015. The Strategic Commissioner- Waste advised that the value of uncollected debt for 2015-16 is £68,000 and for 2016-17 the amount is yet to be determined. The outstanding amounts for both years are likely to be higher given the shortcomings in the calculations and application of the defaults identified in this review. No provision has been made by management in 2015-16 account for the outstanding credit in relation to defaults. The defaults for period April 2016 to September 2016 were being calculated at the time of audit and no credits have been received.

Bulk domestic

Missed bins for trade waste service include instances where bulk domestic bins were not collected from flats and other domestic dwellings. The contract states that for the purposes of calculation of defaults, each individual dwelling/flat affected should be classed as a property. Management were queried if the current process of calculation of defaults takes into account the number of household affected when calculating defaults for bulk domestic missed collections. Audit was advised that this element of the contract is not being fulfilled.

Number of missed collections is a key performance indicator, and therefore disregarding this element of the contract means that monitoring information collated and provided is incorrect. In the absence of any variations to the contract to negate this element, it is believed that this has been the case since the start of the contract in 2001.

Audit was subsequently advised that a methodology was agreed in 2003 evidenced by an email, however it appears not to have been adopted. Through negotiation, it was agreed at the time that LBB would consider each bulk bin to be sufficient to contain the waste from 5 flats. Therefore every bulk bin missed would be equivalent to 5 missed bins. Since introduction of recycling for flats, each bulk bin is expected to hold waste from 6 flats due to 20% reduction in volume of waste. However, currently each missed bulk bin is classed as single missed bin rather than 6. This represents under accounting households adversely affected and defaults credit due from the contractor.

REVIEW OF WASTE AUDIT FOR 2016-17

Audit reviewed the bulk domestic defaults for the month of June 2016 to ascertain the impact of disregarding this element of the contract. There were 27 bulk domestic missed collections recorded in June 2016, most sites had more than one bulk domestic bin. Council tax system was interrogated to establish the number of flats at the missed collection sites. The review highlighted that a maximum of 765 household were affected if all bulk domestic bins were not collected at the missed sites and a minimum of 265 households were affected if only one bulk domestic bin was missed and rest were collected. In monetary terms the under-claiming is in the range of £7800 to £2515 for June 2016.

However, using the 2003 agreement mentioned above, a maximum of 468 properties would be affected if all bulk domestic bins were not collected at the missed sites and a minimum of 123 household would be affected if only one bulk domestic bin was missed and rest were collected. In monetary terms the under-claiming is in the range of £4950 to £1300 for June 2016.

Incorrect calculation methodology

As per the contract, one missed bin is allowed per round before a default is applied. The defaults are calculated per calendar month and should be sent to contractor to be issued with credits. The review of default calculation process highlighted following issues:

- The number of allowable missed bins before default is applied does not correlate to the number of waste collection rounds undertaken by contractor. The default calculation for June 2016 recorded 95 allowable misses assuming 95 collection rounds per day for various waste collections. The rounds information of some type of waste collections has not been updated from 2010. Please refer to the table below for discrepancies in the number of rounds:

Waste Collection rounds	Daily rounds on default calculation spreadsheet for June 2016	Actual Daily rounds undertaken by the contractor in June 2016
Refuse Rounds	17	11
Recycling Rounds (paper or mixed recyclables)	49	21

REVIEW OF WASTE AUDIT FOR 2016-17

depending on week)		
Food Waste Rounds	16	21
Green Waste Rounds (after 18 July 2016)	5	5
Trade Waste Rounds	4	2.5
Domestic Bulk Rounds	0	2.5
Bulk Recycling Rounds	4	2

- The defaults are calculated per calendar month from the missed bin information which is drawn from CRM system. The first and the last week of the month do not always have 5 collection days. While reviewing the default calculation spreadsheet for June 2016, it was noted that the allowable missed collections were not adjusted to account for reduced collection days for the first and last week of the month. This is equivalent to potential under-claiming of 65 stage 1 defaults per day.

The default calculation spreadsheet as received from Strategic Commissioner – Waste for June 2016 was reviewed; Recalculation of information after adjusting for discrepancies in number of rounds and shorter collection week highlighted under-accounting of approximately 350 stage 1 defaults which equate to under claiming of £3,700 in credit. Both of these issues were raised with management, by email from Internal Audit, in October 2015 in relation to green garden waste; however no action has been taken to resolve it.

Incorrect rates for defaults

Review of invoices for the period April 2013 to March 2015 also highlighted that reduced rates have been applied by the contractor to calculate the amount of credits due for defaults.

16. There may be substantial losses arising from the findings above that have not been calculated by Internal Audit. The value of these potential losses will need to be calculated and then for the management to consider the course of action for recovery. Given the significant findings in this report with regards to defaults: calculations and adherence to the terms of the contract

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and contract monitoring, there should be a management review based on these findings. It is also suggested that the management review will consider the robustness of contract monitoring arrangements relating to other areas of the Waste management contract.

17. Of the two priority 1 recommendations from Waste audit 2015-16, the recommendation relating to the system defaulting online referrals to status one had been resolved and reported to the Audit Sub Committee. The other priority one recommendation relating to shortcomings in the income system has been partially implemented and is discussed in detail in Appendix C including a statement from IT regarding the current position of direct debit system. Internal Audit has tested the current process to record historical data for individual clients and we are satisfied that this aspect of the priority one has been addressed.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

18. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B. Follow up of previous recommendations in detailed in Appendix C.

ACKNOWLEDGEMENT

19. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1.	<p>In reviewing defaults for trade waste, Internal Audit identified deficiencies that applied to the waste collection contract in general. The shortcomings for the default process for trade waste and other waste collections have been summarised below.</p> <p>Non collection of credits for defaults</p> <p>LBB has not received any credits for defaults from the contractor since April 2015. The Strategic Commissioner-Waste advised that the value of uncollected debt for 2015-16 is £68,000 and for 2016-17 the amount is yet to be determined. The outstanding amounts for both years are likely to be higher given the shortcomings in the calculations and application of the defaults identified in this review. No provision has been made by management in 2015-16 account for the outstanding credit in relation to defaults. The defaults for period April 2016 to September 2016 were being calculated at the time of audit and no credits have been received.</p>	<p>Poor performance by contractor is not challenged which results in potential losses to the authority</p>	<p>Outstanding credits for defaults for 2015-16 and 2016-17 should be recalculated and recovered from the contractor as soon as possible.</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Bulk domestic</p> <p>Missed bins for trade waste service include instances where bulk domestic bins were not collected from flats and other domestic dwellings. The contract states that for the purposes of calculation of defaults, each individual dwelling/flat affected should be classed as a property. Management were queried if the current process of calculation of defaults takes into account the number of household affected when calculating defaults for bulk domestic missed collections. Audit was advised that this element of the contract is not being fulfilled.</p> <p>Number of missed collections is a key performance indicator, and therefore disregarding this element of the contract means that monitoring information collated and provided is incorrect. In the absence of any variations to the contract to negate this element, it is believed that this has been the case since the start of the contract in 2001.</p> <p>Internal Audit was subsequently advised that a methodology was agreed in 2003 evidenced by an email, however it appears not to have been adopted. Through negotiation, it</p>		<p>Management review of the default process is required to ensure that contractor performance is monitored effectively and all remedies as per the contract are applied to address contractor performance.</p> <p>Any contractual variation is agreed and authorised at appropriate level.</p>

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	<p>was agreed at the time that LBB would consider each bulk bin to be sufficient to contain the waste from 5 flats. Therefore every bulk bin missed would be equivalent to 5 missed bins. Since introduction of recycling for flats, each bulk bin is expected to hold waste from 6 flats due to 20% reduction in volume of waste. However, currently each missed bulk bin is classed as single missed bin rather than 6. This represents under accounting households adversely affected and defaults credit due from the contractor.</p> <p>Audit reviewed the bulk domestic defaults for the month of June 2016 to ascertain the impact of disregarding this element of the contract. There were 27 bulk domestic missed collections recorded in June 2016, most sites had more than one bulk domestic bin. Council tax system was interrogated to establish the number of flats at the missed collection sites. The review highlighted that a maximum of 765 household were affected if all bulk domestic bins were not collected at the missed sites and a minimum of 265 households were affected if only one bulk domestic bin was missed and rest were collected. In monetary terms the under-claiming is in the range of £7800 to £2515 for June 2016.</p>		

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	<p>However, using the 2003 agreement mentioned above, a maximum of 468 properties would be affected if all bulk domestic bins were not collected at the missed sites and a minimum of 123 household would be affected if only one bulk domestic bin was missed and rest were collected. In monetary terms the under-claiming is in the range of £4950 to £1300 for June 2016.</p> <p>Incorrect calculation methodology</p> <p>As per the contract, one missed bin is allowed per round before a default is applied. The defaults are calculated per calendar month and should be sent to contractor to be issued with credits. The review of default calculation process highlighted following issues:</p> <ul style="list-style-type: none"> ➤ The number of allowable missed bins before default is applied does not correlate to the number of waste collection rounds undertaken by contractor. The default calculation for June 2016 recorded 95 allowable misses assuming 95 collection rounds per day for various waste collections. The rounds information of some type of waste collections has not been updated from 2010. Please refer 		<p>Methodology for calculation of default should be reviewed to ensure shortened collection weeks are accounted for correctly and contractor is only allowed one missed bin per round as stated in the contract.</p>

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	<p>to the table below for discrepancies in the number of rounds:</p> <table border="1" data-bbox="302 488 1115 1182"> <thead> <tr> <th data-bbox="302 488 607 727">Waste Collection rounds</th> <th data-bbox="607 488 871 727">Daily rounds on default calculation spreadsheet for June 2016</th> <th data-bbox="871 488 1115 727">Actual Daily rounds undertaken by the contractor in June 2016</th> </tr> </thead> <tbody> <tr> <td data-bbox="302 727 607 799">Refuse Rounds</td> <td data-bbox="607 727 871 799">17</td> <td data-bbox="871 727 1115 799">11</td> </tr> <tr> <td data-bbox="302 799 607 999">Recycling Rounds (paper or mixed recyclables depending on week)</td> <td data-bbox="607 799 871 999">49</td> <td data-bbox="871 799 1115 999">21</td> </tr> <tr> <td data-bbox="302 999 607 1070">Food Waste Rounds</td> <td data-bbox="607 999 871 1070">16</td> <td data-bbox="871 999 1115 1070">21</td> </tr> <tr> <td data-bbox="302 1070 607 1182">Green Waste Rounds (after 18 July 2016)</td> <td data-bbox="607 1070 871 1182">5</td> <td data-bbox="871 1070 1115 1182">5</td> </tr> </tbody> </table>	Waste Collection rounds	Daily rounds on default calculation spreadsheet for June 2016	Actual Daily rounds undertaken by the contractor in June 2016	Refuse Rounds	17	11	Recycling Rounds (paper or mixed recyclables depending on week)	49	21	Food Waste Rounds	16	21	Green Waste Rounds (after 18 July 2016)	5	5		
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No.	Findings	Risk	Recommendation									
	<table border="1" data-bbox="302 376 1115 675"> <tr> <td data-bbox="302 376 607 443">Trade Waste Rounds</td> <td data-bbox="607 376 871 443">4</td> <td data-bbox="871 376 1115 443">2.5</td> </tr> <tr> <td data-bbox="302 443 607 560">Domestic Bulk Rounds</td> <td data-bbox="607 443 871 560">0</td> <td data-bbox="871 443 1115 560">2.5</td> </tr> <tr> <td data-bbox="302 560 607 675">Bulk Recycling Rounds</td> <td data-bbox="607 560 871 675">4</td> <td data-bbox="871 560 1115 675">2</td> </tr> </table> <p data-bbox="331 715 1131 1082">➤ The defaults are calculated per calendar month from the missed bin information which is drawn from CRM system. The first and the last week of the month do not always have 5 collection days. While reviewing the default calculation spreadsheet for June 2016, it was noted that the allowable missed collections were not adjusted to account for reduced collection days for the first and last week of the month. This is equivalent to potential under-claiming of 65 stage 1 defaults per day.</p> <p data-bbox="280 1121 1086 1227">The default calculation spreadsheet as received from Strategic Commissioner – Waste for June 2016 was reviewed; Recalculation of information after adjusting for</p>	Trade Waste Rounds	4	2.5	Domestic Bulk Rounds	0	2.5	Bulk Recycling Rounds	4	2		
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No.	Findings	Risk	Recommendation
	<p>discrepancies in number of rounds and shorter collection week highlighted under-accounting of approximately 350 stage 1 defaults which equate to under claiming of £3,700 in credit for the month. Both of these issues were raised with management, by email from Internal Audit, in October 2015 in relation to green garden waste; however no action has been taken to resolve it.</p> <p>Incorrect rates for defaults</p> <p>Review of invoices for the period April 2013 to March 2015 also highlighted that reduced rates have been applied by the contractor to calculate the amount of credits due for defaults.</p>		<p>Management should ensure that correct default rates are applied to the credits received from the contractor.</p> <p>[Priority 1]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>There may be substantial losses arising from the findings above that have not been calculated by Internal Audit. The value of these potential losses will need to be calculated and then for the management to consider the course of action for recovery. Given the significant findings in this report with regards to defaults calculations and adherence to the terms of the contract and contract monitoring, there should be a management review based on these findings. It is also suggested that the management review will consider the robustness of contract monitoring arrangements relating to other areas of the Waste management contract.</p>	<p>Poor management practises lead to potential losses to the authority</p>	<p>The value of potential losses arising from the findings of this audit should be calculated and for management to consider the course of action for recovery.</p> <p>A management review of robustness of contract monitoring should be undertaken to review controls relating to the other areas of the Waste management contract.</p> <p>[Priority 1]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>The outstanding invoices for Trade waste are not being pursued as per the procedure. Amount outstanding for invoices raised in April 2016 are approximately £35,000 of which £26,000 is in respect of hire charges for containers. In the sample of 20 invoices tested, 11 related to hire charge of bulk domestic bins. It was noted that in 9 cases there were considerable delays in recovery action, after the initial dunning letters were sent. The invoices have now been referred to debt collector however as per the procedure the exchequer contractor should contact the waste advisor to arrange a site visit to obtain managing agent details.</p> <p>The procedure to manage non-payment of trade waste invoices (excluding bulk domestic bin charges) is that dunning is undertaken as below :</p> <ul style="list-style-type: none"> • 1st Dunning letter 21 days • 2nd Dunning letter 14 days • 3rd Dunning letter 7 days • 11 working days ON hold • 14 days Pull containers • 14 days termination <p>For 3/20 invoices in the sample debt recovery action</p>	<p>Loss due to non-collection of income resulting from delay in recovery action</p>	<p>The exchequer contractor should be reminded to process debts for recovery as per the procedure. Waste manager should consider undertaking additional monitoring for bulk domestic invoices quarterly to ensure invoices are paid and any outstanding debt is pursued as per the agreed procedures.</p> <p>[Priority 2]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	stopped after 2nd Dunning letter was sent. The Waste team has not been contacted to put account on hold as per the procedure.		

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Priority 3
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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Outstanding credits for defaults for 2015-16 and 2016-17 should be recalculated and recovered from the contractor as soon as possible.</p> <p>Management review of the default process is required to ensure that contractor performance is monitored effectively and all remedies as per the contract are applied to address contractor performance.</p> <p>Any contractual variation is agreed and authorised at appropriate level.</p> <p>Methodology for calculation of default should be reviewed to</p>	1	A management investigation is being commissioned to look at the findings included in this report. The findings of the investigation will be used to inform the management comments at a later date.	Executive Director ECS and Assistant Director Street Scene & Green Space	March 2017

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>ensure shortened collection weeks are accounted for correctly and contractor is only allowed one missed bin per round as stated in the contract.</p> <p>Management should ensure that correct default rates are applied to the credits received from the contractor.</p>				
2	<p>The value of potential losses arising from the findings of this audit should be calculated and for management to consider the course of action for recovery.</p> <p>A management review of robustness of contract monitoring should be undertaken to review controls</p>	1	A management investigation is being commissioned to look at the findings included in this report. The findings of the investigation will be used to inform the management comments at a later date.	Executive Director ECS and Assistant Director Street Scene & Green Space	March 2017

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	relating to the other areas of the Waste management contract.				
3	The exchequer contractor should be reminded to process debts for recovery as per the procedure. Waste manager should consider undertaking additional monitoring for bulk domestic invoices quarterly to ensure invoices are paid and any outstanding debt is pursued as per the agreed procedures.	2	The Head of Exchequer Services is investigating the accounts highlighted in the audit report and will provide a detailed response by 25/11/16.	Head of Exchequer Services	November 2016

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FOLLOW UP

PREVIOUS RECOMMENDATIONS						
Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status

<p>Management should ensure that information on all receipts is retained so that income can be independently verified and reconciled.</p> <p>Going forward Management should explore system based solutions for collecting and recording income which have the functionality of collecting income by direct debit and retaining an audit trail of receipts.</p>	<p>The process for the receipting and recording of cheque and Kiosk payments has now been reviewed, refined and put into place. Detail of the refined process is in Appendix D.</p> <p>Cheque payment reference slips used by the Collection & Deposit process (C&D payment) are entered against each customer's account when paying by cheques and prior to banking; the completed payment slip is scanned and retained. In addition, since April 2015, CRM has an auditing tool which will record any changes to the customer's account records, allowing a historical record of updated changes when a customer renews the service in</p>	<p>30/11/2015</p>	<p>1</p>	<p>Contracts Manager (Waste & Refuse service) and Principal Waste Officer</p>	<p>A sample of 10 Green garden waste customers was reviewed to ensure management have implemented the agreed controls. Payments history is recorded on CRM as expected.</p> <p>The income system to accommodate direct debits for Green Garden Waste is still being developed. The position as advised by IT is as follows:</p> <p><i>"The ' Corporate Debt Recovery and Single View Project' has been established to achieve significant savings against the Exchequer Services contract and to improve corporate debt recovery through the implementation of the Corporate Debt Recovery System.</i></p> <p><i>The system has many features that improve the efficiency of debt collection and, at the point of go-live, will include Direct Debit</i></p>	<p>Partially implemented.</p>
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PREVIOUS RECOMMENDATIONS						
Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status

	subsequent years. Kiosk payment records are similarly controlled through scanning and recording of completed payments.				<i>functionality that allows for the payment of debts interfaced through from the Oracle Financials System. Standard functionality allows customers to register for payments by Direct Debit via the telephone, or in some cases paper form, and online signup for payment by Direct Debit is being reviewed for implementation as a priority enhancement following the initial launch. Prior to this, Direct Debit payment of Green Garden Waste subscriptions (which requires the integration of the system with the CRM system used to manage the Green Garden Waste service) will be designed and costed for implementation following the initial launch and in time for the annual bulk renewal of Green Garden Waste subscriptions. As would be expected from a debt recovery system, all payments that are routed through the</i>	
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FOLLOW UP

PREVIOUS RECOMMENDATIONS						
Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status

					<i>system are fully traceable and so allow for the independent verification and reconciliation of income received. It is expected that direct debits will be implemented for March 2017."</i>	
<p>Management review is required to ensure that the online referrals for missed collections for all types of waste are escalated in line with procedures irrespective of the method of referral.</p> <p>Audit testing as part of this review was restricted to missed collections for GGW. However this issue must affect all types of</p>	<p>The CRM system has now been adapted to enable the automatic apportionment of an escalated default (stage 2 level) for any case which has been escalated within the CRM system, which is irrespective of the contact channel (includes voice recognition, web-form and telephone enquires). The system also has been adapted to enable any unjustified collection to be assigned a stage 1 level default as a starting value.</p>	31/12/2015	1	Contracts Manager (Waste & Refuse service)	<p>Recommendation implemented. Reviewed as part of 2016-17 audit.</p>	<p>Recommendation implemented.</p>

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

REVIEW OF WASTE AUDIT FOR 2016-17

APPENDIX C

FOLLOW UP

PREVIOUS RECOMMENDATIONS						
Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status

<p>waste collection.</p>	<p>In terms of repetitive missed collections, the assigning of stage 3 level default is dependent on the time period between missed collections. For weekly collections, the trigger level is >1 in a 4 week period and for every-other-week collections, the value is >1 in an 8 week period. This sensitivity requires an interrogation of previous missed collections at the address which is not achievable using voice recognition or web-based forms as the information is one directional. However, we are reviewing reporting systems that will enable the assigning of stage 3 level defaults on a monthly basis when the monthly performance data is calculated. This should enable</p>					
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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

FOLLOW UP

PREVIOUS RECOMMENDATIONS						
Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status

	the retrospective assigning of defaults at this level on a monthly basis.					
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Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

OPINION DEFINITION

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement