

Executive Summary

Waste Management Contracts

BACKGROUND

- 1 An audit review has been undertaken of contracts and procurement activity within Waste Management, for which external spend was £9.5million, and external income was £5.9million, in 2018/19. The audit reviewed contract compliance and control processes, through financial and contract analysis, and through holding interviews with contract managers and lead officers.

MAIN CONCLUSIONS

- 2 Overall, the audit recognised a need for greater contract co-ordination and control, and allocated an **unsatisfactory** assurance opinion. The audit identified a need for attention in these areas in order to provide effective assurance on commissioning and procurement practices and the delivery of value for money.
- 3 The audit recommended the use of a central contract register, to co-ordinate and maintain a portfolio of contracts and the need for key officer training, as new procurements had not been planned, nor existing contracts re-procured, with sufficient time to avoid contracts lapsing. Of the twenty-seven procurements sampled, eleven (41%) did not have current contracts.
- 4 A small number of higher value procurements did not have sufficient records to demonstrate the commissioning and procurement process followed. During the conclusion of the audit, management reviewed relevant cases, communicated requirements to lead officers, and were instigating new / replacement procurement mechanisms. Internal Audit will perform a follow-up audit of Waste Management Contracts for assurance that improvements have been delivered and sustained.
- 5 It has been recognised that the service is required to implement innovative solutions to achieve challenging environmental and cost effective requirements. However, through reviewing contracts, there were instances where contracts had not delivered the expectations set in terms of cost, process or volume. The audit has advocated management learning from less successful procurements in the planning of new arrangements.
- 6 At contract management stages, processes were mixed, with robust arrangements in some areas, and further contracts with limited formal arrangements elsewhere. Day to day contract management required improvement, in respect of performance and risk management monitoring and reporting.
- 7 To support management to embed the required improvements, regular engagement has been recommended with colleagues in Commissioning and Procurement. This is to meet business needs, comply with corporate rules for standard contracts, and to ensure that all income contracts are arranged, managed and delivered with the same openness, probity and accountability as any procurement of equal value. The largest component of income was in respect of the commercial waste service, for which a separate audit has been arranged.

- 8 Additionally, in the interests of independence, it has been recommended that the process for reporting statutory recycling figures (WasteDataFlow) should be delivered by operational management sitting outside of the area delivering the targets.

RECOMMENDATIONS FOR ACTION

- 9 The audit report includes 25 recommendations for improvement going forward (1 Red, 17 Red/Amber and 7 Amber/Green), all of which were agreed by Senior Management.

LATEST POSITION

- 10 Management have agreed all the recommendations and indicated that the majority of the report's recommendations will be delivered through a targeted approach to improve governance, training and planning.
- 11 Following the audit, a training session was provided on financial management, control and procurement for management within the Waste Management function. This training was delivered and co-ordinated by officers from the Directorate, Internal Audit and Commissioning and Procurement.
- 12 During the conclusion of the audit, management reviewed the procurements, which required new contract arrangement. They communicated expectations with lead officers for improved management and monitoring going forward, and have embarked on instigating new / replacement procurement mechanisms where required.
- 13 Through the audit response, Management have advised that they will engage closely with corporate Commissioning & Procurement to improve the identified areas. Business Support controls are reported as established, to ensure orders relate to contracted spend. Process improvements have also been agreed for WasteDataFlow and the Commercial Waste Service.
- 14 Internal Audit will continue to monitor the internal control environment through discussions with management and the Recommendation Tracker, which allows managers to provide updates on the progress made towards implementing the audit recommendations, in accordance with agreed audit protocols.