



INTERNAL AUDIT REPORT – LANDFILL & COMPOST MANAGEMENT

<u>Auditor:</u>	<u>Sharon Bradley</u>
<u>Distribution:</u>	Audit Committee Chief Executive Director of Corporate Services Director of Environmental Services Head of Operations Landfill & Compost Manager

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All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

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Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2018/19. This report summarises the findings arising from a review of the Landfill & Compost Management which was allocated 7 days.

Through the audit I found the following examples of good practice:

- There are clear management arrangements and procedures in place for the operation of the landfill and composting sites.
- Landfill and compost sites are regularly inspected by DAERA/NIEA
- Capacity at the landfill site is monitored on a regular basis there are clear plans in place regarding the future closure of the landfill site and Council has set aside sufficient funds to cover the closure works.
- Health and Safety policies and procedures are in place which are reviewed and updated periodically
- Health and safety and environmental management at the landfill and compost sites are inspected by DAERA/NIEA and/or other specialists
- Risk registers are in place and risk assessments are undertaken and completed at both sites and staff are given health and safety training
- Records are maintained of weights of lorries arriving in to and exiting from the landfill site
- Dockets regarding waste transferred are signed by the lorry driver and the weighbridge operator
- Monthly information is received from the landfill site and is input into the Waste Data Flow system
- Information on progress against statutory waste targets (such as NILAS) is submitted annually and publicly advertised by DAERA.
- Council is meeting its NILAS targets.

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

1. Objective

The overall objective of this audit is to consider the main risks in relation to Landfill & Compost Management and to review the key systems and controls in place to address these.

2. Background

The main responsibilities within Council for managing Landfill and Compost Management fall within the directorate of Environmental Services. Causeway Coast and Glens Borough Council operate a fully engineered facility at Craighulliar Landfill Site, Ballymacrea Road, Portrush, BT56 8NS. The site is licensed to take:

- Household/Domestic Waste
- Commercial Waste
- Industrial Waste

Northern Ireland Landfill Allowance Scheme (NILAS) targets are to reduce the amount of bio-degradable waste sent to landfill. Data on waste tonnage is important in enabling the Council to meet the NILAS reporting requirements and for enabling the Council to ensure that invoicing is accurate for waste transferred to landfill sites

Causeway Coast and Glens Borough Council operate a green waste composting facility at Letterloan Road, Macosquin. Household and commercial garden waste accepted free of charge at this facility. This site produces compost to a PAS100 Standard. This can be purchased at £3.00 per tonne (+ vat) for 45mm compost and £5.00 per tonne (+vat) for 30 mm compost.

3. Risks

The risks identified relating to Landfill & Compost Management and agreed with management are as follows:

1. Landfill & Composting Site Management
2. Health and Safety
3. Waste tonnage recording & payments
4. Statutory waste/landfill obligations & targets

4. Audit Approach

The audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation

- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Head of Operations
Landfill & Compost Manager

5. Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Landfill & Composting Site Management

Audit has no findings or recommendations to make in relation to this risk area.

5.2 Risk 2 – Health & Safety

Audit has no findings or recommendations to make in relation to this risk area.

5.3 Risk 3 – Waste Tonnage Recording and Payments

Audit has no findings or recommendations to make in relation to this risk area.

5.4 Risk 4 – Statutory Waste/Landfill Obligations & Targets

Audit has no findings or recommendations to make in relation to this risk area.

6. Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

7. Appendix II: Summary of Key Controls Reviewed

Risk	Control issues
<p>The landfill and composting sites are not managed appropriately leading to non-compliance with DAERA/NIEA regulations, potential fines to the Council and ineffective use of Council's waste management resources</p>	<ul style="list-style-type: none"> • There is a clear management arrangement in place for the operation of the landfill site in line and the composting site • There are detailed operating procedures in place in relation to the landfill site and the composting site • Landfill site and compost site are regularly inspected by DAERA/NIEA • Recommendations or requirements arising from inspections are implemented in a timely manner • Capacity at the landfill site is monitored on a regular basis and plans put in place in a timely manner to activate new cells • There are clear plans in place regarding the future closure of the landfill site and the works required to comply with legislation in this area • Council has set aside sufficient funds to cover the works required to close its landfill site when they reach capacity • Council and senior management receive regular reports on the operation of the landfill site • There is a waste management strategy that covers usage of landfill sites within the broader context of waste management by the Council. • Council seeks to make best use of the landfill site (both in terms of economy and effectiveness of waste management)
<p>There may be a lack of risk assessments & inappropriate health and safety within the Landfill and Composting sites which could lead to unsafe practice.</p>	<ul style="list-style-type: none"> • Health and Safety policies and procedures are in place and available to relevant staff • Policies and procedures are reviewed and updated periodically • Health and safety and environmental management at the landfill and compost sites are inspected by DAERA/NIEA and/or other specialists • Risk assessments are undertaken and completed at both sites • Staff are given health and safety training • A risk registers to identify and score risks threatening landfill sites and management is in place and identified risks are not left uncontrolled.

Risk	Control issues
<p>Invoices for waste may reflect incorrect waste tonnage volumes, which may lead to either a loss of income (if the company is under-charged) or reputational damage and potential financial penalties (if the company is over-charged), or increased costs to the Council (if the Council is over-charged) or increased liabilities for the Council (if the Council is under-charged). Inaccuracies in waste reporting may impact negatively under NILAS</p>	<ul style="list-style-type: none"> • Record is maintained of weights of private haulier lorries or Council vehicles (as appropriate) arriving in to and exiting from the waste transfer station. • Record is maintained of weights of Council or private haulier lorries arriving in to and exiting from the landfill site • Dockets regarding waste transferred are signed by the lorry driver and the weighbridge operator • The list of waste transferred is matched to dockets retained by the Council • Discrepancies in the weights from the transfer station and weights unloaded at landfill sites are identified and investigated • The relevant Council staff satisfy themselves that any discrepancies are resolved, and amounts charged per tonne on the invoice are correct as per the agreed rates per the contract prior to payment being made.
<p>Controls over income at the composting site may be weak leading to a loss of income for Council</p>	<ul style="list-style-type: none"> • Cash handling procedures are in place to provide guidance to staff collecting payments for compost • Only designated staff can accept payment for compost • Sequential receipts are issued for every sale • Separation of duties exists between staff responsible for income collection and staff with responsibility for reconciling income received to the bank. • There is adequate completion of daily/ weekly cash sales sheets • There is adequate Manager/ Supervisor oversight over the reconciliation process and evidence of this • Monies are held securely on site • Lodgements are prepared by two staff members • Lodgements are made regularly and promptly
<p>Waste performance by the Council is not monitored and reported on a timely basis, leading to potential non-compliance with waste regulation and fines for the Council</p>	<ul style="list-style-type: none"> • Monthly information is received from the landfill site and is input into the Waste Data Flow system • Information on waste data and statutory targets is regularly monitored and reviewed • Information on progress against statutory waste targets (such as NILAS) is reported to and monitored by the relevant committee on a regular basis • Council is meeting its NILAS targets