



Internal Audit Report 2018/19

Commercial Waste

January 2019

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This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

1. Executive summary

Report classification*	Total number of findings				
	Critical	High	Medium	Low	
	Control design	-	-	1	1
High Risk (22 points)	Operating effectiveness	-	1	2	1
	Total	-	1	3	2

*We only report by exception, which means that we only raise a finding / recommendation when we identify a potential weakness in the design or operating effectiveness of control that could put the objectives of the service at risk. The definition of finding ratings is set out in Appendix 1.

Summary of findings

This report is classified as High risk. We identified one high, three medium and two low risk findings.

The Council has a target to generate £1.25m of income in 2018-19 from commercial waste activity and deliver a financial return. There are also obligations to achieve safe working practices. To achieve this there are two principal teams: Operations Team and Commercial Team. The Operations Team manage the customer facing services i.e. fleet, routes and actual collection of waste and the Commercial Team identify and win new business and promote the service.

The most significant finding from this review is that Site Risk Assessments have not been completed (or can be evidenced) for a large number of commercial waste customers. Each site from which commercial waste is collected should be assessed to identify any risks that may pose a threat to the safety of collection crew and the general public, e.g. 'is there adequate space to maneuverer', 'is there adequate lighting' and 'is reversing required'. This should be undertaken prior to the adoption of a new customer and at set intervals thereafter to allow mitigations to be put into place to manage any risk of physical harm. The team capacity and capability needs to be assessed to determine what is required to ensure all risk assessments are in place, additional resources to complete them may be required.

We observed that the current governance structures in place do not allow sufficient discussion around commercial waste concerns across both the operational and commercial perspectives in one forum. There is also not a clear and defined understanding of how concerns would be dealt with. An assessment of all relevant meetings needs to be undertaken with terms of reference agreed to improve clarity. There is also limited reporting on commercial waste activity in terms of performance indicators. During the audit, the teams have already started to make improvements here with the introduction of two new meetings which aim to develop a suite of performance indicators and reporting to support decision making on commercial waste.

The audit also concludes that improvements should be made to substantiating the cost base for commercial waste activities as it currently does not include all expected costs; this should then inform any pricing decisions. We found that there are some discrepancies between the pricing plan a customer requested i.e. direct debit and invoicing (the latter attracting an additional cost) and the rate actually being charged to the customer, leading to instances where customers are undercharged.

These challenges are recognised and activity is already underway to refresh commercial waste branding, the external website, pricing and customer engagement (finding 6). Some of these changes are expected to take place in January 2019 with others to follow later in the year.

Summary of findings

- A site risk assessment was not completed for 12 out of 15 new customers that we tested, and high levels of non compliance with the process were noted (Finding 1 – High)
- Current governance arrangements do not allow for a focused discussion of all commercial waste risks and performance in one forum (Finding 2 – Medium)
- Costs are not fully allocated to the service and therefore financial performance cannot be adequately assessed and the basis for setting charges could not be substantiated (Finding 3 – Medium)
- Customer records are not held in one place and compliance with procedures are not consistently applied (Finding 4 – Medium)
- We have identified some small levels of under charging of customers along with minor differences in quarterly reconciliations (Finding 5 – Low)
- There is no process to collect customer feedback to understand customer concerns and promote the service to new customers (Finding 6 – Low).

Good practice noted

- The rates charged to commercial waste customers are clear and split by type of organisation and type of collection
- Over November 2017 to April 2018, the Operations Team carried out a review and redesign of commercial collection routes to ensure waste from schedule II customers (schools and charities) was not mixed with other commercial customers. The new routes have been in place since May 2018. This identified route efficiencies and cost savings
- The balances on the Bartec (waste management system) and Tech1 (Council general ledger system) balance with only trivial differences.

Management comments

Amy Bridgford 17 December 2018

Finding 1 - Non-compliance with risk assessment for new customers

Prior to the circulation of the report to the management team, the decision was made to transfer the responsibility of managing new and existing commercial customer site risk assessments from the Commercial Business Development Team to the Operational Delivery Team. This suited the structure and individual's roles. Since then, the following has been achieved:

- The site risk assessment form has been redesigned with sign off from the Health and Safety Manager
- The site risk assessment process has been rewritten and agreed between both teams managing commercial waste. This process has been mapped from end to end and includes the administration of documentation
- A site risk assessment tracker has been produced to ensure all sites are risk assessed at a standard interval

- Trade waste Driver Team Leaders have received bespoke site risk assessment training from the Health & Safety Manager to ensure they were capable of completing assessments during their day to day. They have signed for this training and it has been placed on their personnel file. In doing so this has eliminated the need to outsource this task to a costly organisation, and/or hire in temporary staff
- Driver Team Leaders have completed site risk assessments at 301 customers premises, 228 of these did not highlight any known risks however correspondence has been made with 73 customers to make alterations to their current collection method
- The project is on schedule to be completed by the end of February 2019 and the process designed ensures that these are revisited at regular intervals.

Amy Bridgford 10 January 2019

- Since the above comments, I can confirm 589 sites have been site risk assessed and the remaining 500 (approx) are on track to be completed by the end of February 2019.
- 1 account has been closed due to significant risks to collection crew. This decision was not taken lightly and only enforced following 4 different site risk assessments to determine if significant risks could be mitigated.

Jo Collins 14 January 2019

Finding 2 - Governance is not adequately designed to discuss and report all commercial waste risk/performance

- A trade waste meeting has been arranged including all key members of the management team involved with commercial waste. These are being held on a bi-weekly basis with the purpose being to discuss all key projects/KPI's and plans concerning commercial (trade waste). The following are all included in this:
 - Rebecca Newbutt, Operations Delivery Group Manager
 - Amy Bridgford, Operations Manager
 - Henry Allmand, Group Manager Commercial and Built Environment
 - Jo Collins, Business Development Team Manager
 - Kathryn Hobbs, Senior Comms & Marketing Officer (Commercial)
 - Megan Williams, Comms and Marketing Officer
 - Abigail Friston, Trade Waste Supervisor
 - Adam Hildreth, Business Development Manager
- On a quarterly basis we have now implemented a whole team meeting which will include all members of the commercial team from both The Gateway and the depot. During these meetings all the KPI's are discussed, including additional ones which have recently been created. This is the opportunity to discuss new strategic objectives and plan for these as a whole team.

Finding 3 - Lack of complete/accurate cost base to assess financial performance

A project has begun around understanding our true costs so we can compare this with our total income. Following on from this we will be then be reviewing our pricing to ensure our structure is both competitive and sufficient to give us a profitable margin.

- All price recommendations will be taken to our Trade Waste meeting and to Commercial Overview

Board for approval, along with the Cabinet member for Waste & Licensing.

Finding 4 - Improvement needed in customer information management and monitoring compliance with procedures

- Our trade waste manager now reviews the new accounts each week to ensure all required documentation is being received and processed correctly. This check includes the Duty of Care, risk assessment, assignment to a bin schedule and payment/invoice details.
- In response to the bin delivery completion notification we have reviewed this process. Consequently the process has been streamlined, and in doing so the trade waste team at the depot now adds the new accounts to a schedule. This removes the need for the team at The Gateway to know when the bin has been delivered.

Finding 6 - There is no process to collect customer feedback to understand customer concerns and promote the service to new customers

We have just received the results from our first customer survey which aims to understand, from our customers point of view, what we do well, and what they feel needs to be improved. The outcome of this survey was on the most part positive. The intention is to run this survey yearly, monitoring the progression of our service.

2. *Background and Scope*

Background

Businesses producing waste or managing waste on behalf of others, such as local councils and private collection companies, have a legal Waste Duty of Care. The Waste Duty of Care expects waste producers to be responsible for knowing where they are sending their waste and ensures that the producers are taking steps to ensure those they contract to collect and manage their waste are operating legally.

The Council has an in-house team to offer trade waste collection services to businesses in the Vale. The Operational Delivery Team, based at Pembroke Road, manage all operational aspects of the Commercial Waste business, including scheduling routes, management of collection crew, vehicle maintenance, transfer of waste to Buckinghamshire County Council for disposal, and have a budget for their costs set annually.

The Commercial Business Development team, in Customer Fulfilment, holds the commercial waste income target. This team's role is to market the service, determine rates charged to customers, create product cards, secure and site risk assess new customers and the ongoing management of customer accounts. The transactional finance team issue invoices to customers and are responsible for debt recovery. AVDC is actively trying to encourage customers to pay for the service via direct debit rather than invoice.

The 2018/19 annual income target for commercial waste is £1million. Commercial waste operates in a competitive market open to private firms. AVDC offers a unique flexible product to local businesses, with shorter contracts, fixed rates, and greater flexibility to tailor rounds to meet customer requirements (e.g. collection outside of school hours).

Governance for commercial waste activities is at two levels: the Waste Board, which discusses operational activities, and the Commercial Board, which has oversight of all AVDC commercial activity.

Scope

The scope covered the key risks set out in the Terms of Reference (Appendix 2). Our testing included:

- Review of a sample of 15 new commercial waste customers from the period 1 April to 30 September 2018 to check whether procedures were followed in setting them up i.e. site risk assessments, and to assess whether charges were applied in line with agreed rates and billed correctly
- Review of the governance structures and reporting of commercial waste activity including key performance indicators and approval of key decisions such as charges applied
- Review of the expenditure and income in terms of whether all costs have been applied and if transactions have been reconciled between sub-systems and the Council general ledger.

This does not represent a comprehensive list of tests conducted.

3. Detailed findings and action plan

1. Non-compliance with site risk assessments for new customers – Operating effectiveness

Finding

When a new customer is created, a 'Site Risk Assessment' must be undertaken; this is completed, the form is dated and signed prior to any services being delivered. The process is designed to assess the risks with providing services to the site both to the collection crew and to the public i.e. 'is there adequate space to maneuverer', 'is their adequate lighting' and 'is reversing required'. Originally this task was the responsibility of the Commercial Team to complete. During review, on discussion with the teams, it was agreed it was more sensible for this to be the responsibility of the Operations Team, who have the skills and experience to complete the initial assessment and update real-time for changing/new risks.

We tested a sample of 15 new customers and found for 12 locations no Site Risk Assessment was completed (80% non-compliance from sample).

The high level of non-compliance was compounded by a misunderstanding of what constituted compliance. For example:

- For six of the non-compliant samples, we were informed that these were not undertaken as they had been assessed under previous owners
- Three had not been completed as staff had knowledge of the area
- Two had not been completed as sites near-by had been risk assessed.

We also found that there are no controls in place to re-assess a site at a set interval and to keep track of when these re-assessments are due. Officers confirmed that in every case for a new customer a new form must be completed and the above reasons are not acceptable.

It was accepted that the level of non-compliance in the sample is reflective of the whole population and needs to be urgently addressed as it places Council staff and the public at risk of harm.

Risks / Implications

Injury to staff or public.

In the event of an incident the Council could not evidence their assessment of risks to the Health Safety Executive (HSE) and this could lead to financial penalties and operational restrictions.

No evidence that the collection crew are aware of the risks and how to mitigate them e.g. 'deploy a reverse assistant', 'avoid at peak times', 'use pavement only'.

Finding rating

Action Plan

High	a) Assess resourcing needs to complete all site risk assessments. Determine whether this can be done in-house (capability and capacity), or whether external resource is required.	<i>Responsible person/title</i>
	b) A site risk assessment needs to be completed for every customer where services are being delivered. Ongoing processes to be established to ensure site	<i>a) Rebecca Newbutt, Operations Delivery Group Manager b) to d) Amy Bridgford, Operations Manager and Jo Collins, Business Development Manager</i>
		<i>Target date</i>

risk assessments are in place before waste is collected.

- c) A schedule to be developed that provides data on when the last site risk assessment was conducted and when the next one is due

- d) Report this schedule to every Quarterly Commercial Waste or Operations Board meeting to enable compliance monitoring and action.

a) 31 December 2018

b) 31 March 2019

c) 31 March 2019

d) 30 May 2019

2. Governance is not adequately designed to discuss and report all commercial waste risk/performance – Control design

Finding

The current meetings to provide a forum to govern commercial waste activities are set out in the table below.

Meeting	Remit	Key Attendees	Frequency
Commercial Overview Board	Assess overall Council commercial performance and to assess progress/activity of the Social and Entrepreneurial Development Team (SEED)	Chief Executive, Directors, Assistant Directors, Sector Leads for each service, Corporate Commercial Strategy Manager (and SEED Team) and Business Development Team Manager	Monthly
Waste Board	Discussion of particular projects covering all waste services i.e. garden waste stickers programme or new Fleetwave application	Lead Member, Director, Assistant Director, Business Development Manager, Customer Fulfilment Manager, Operation Delivery Group Manager, Senior Project Manager, Senior Communication and Marketing Officer	Monthly Formed 18/24 months ago
Business Development Team	Discuss commercial waste performance and individual projects across commercial activities. Report high level KPIs around customer numbers and income	Business Development Manager, Key Commercial Account Managers, Trade Waste Sales and Customer Executives and Parish Liaison Officer	Monthly

From review of agendas/minutes and discussion with staff our conclusions over commercial waste governance are:

- There is no specific meeting in place to discuss the activity and performance of commercial waste i.e. performance against indicators and overall financial and operational performance over the prior quarter
- Current meetings in place are not sufficient forums to discuss commercial waste:
 - Commercial Overview Board. This group has a much wider remit and therefore would not be a feasible place to discuss quarterly performance of commercial waste
 - Waste Board. This group was set up to focus on all waste related projects and not day-to-day performance or overall strategy
- There is not a defined remit for either the Commercial Overview or Waste Board documented in a terms of reference and there is not an overall governance structure which documents how each group interacts with one another. From discussions with staff it was confirmed that at meetings there can be duplication and questions raised about why certain reports are presented to a particular meeting which confirms our view that clarity is needed
- There is no regular meeting that brings operational and commercial staff together.

Commercial waste performance monitoring does not capture performance of the whole operation and provide meaningful information for decision making. Commercial waste specific Key Performance Indicators (KPIs) are only measured and reported within the Business Development Team. This covers high level information such as total numbers of customers, current income levels and customers lost. These KPIs

are not shared more widely and do not cover KPIs around operational issues e.g. number of risk assessments undertaken for new customers. These governance concerns are understood by both the commercial and operational managers and steps have already been taken during the audit to mitigate the above challenges. This has been achieved by the creation of two new meetings set out below.

Meeting	Remit	Key Attendees	Frequency
Operations Team – Commercial Waste	Discuss activities specifically around commercial waste, covering both operational and commercial teams	Operations Manager, Trade Waste Supervisor and the Business Development Manager	Fortnightly First meeting to take place late November 2018
Quarterly Commercial Waste	Review formally reported commercial waste KPIs and assess progress against strategic objectives. Also be the forum to consider whether to escalate concerns to the Commercial Overview Board or others	Whole Trade Waste Team from Operations, Communications Officer, Business Development Manager and Group Manager for Commercial & Built Environment Services	Quarterly First meeting on 3 December 2018

Risks / Implications

Commercial waste performance is not captured in sufficient detail and presented for scrutiny to the right stakeholders. This may lead to ineffective decision making resulting in financial loss, operational risk exposure or reputational damage

Finding rating

Action Plan

Medium	<ul style="list-style-type: none"> a) Terms of reference should be developed and approved for each of the five governance groups listed in this finding. This needs to specify the remit of the group, expected attendance and where agenda items are escalated, if required b) Ongoing review of the effectiveness for the two new meetings needs to be completed to assess if they bring together operational and commercial staff and are an effective forum to take a holistic view of commercial waste activity. These assessments should be reported to the respective meeting with actions then taken to make improvements accordingly c) A suite of KPIs should be developed and defined covering both operational and commercial activities. These then should be reported to the Quarterly Commercial Waste meeting. 	<i>Responsible person / title</i>
		<ul style="list-style-type: none"> a) Will Rysdale, Assistant Director and Jeff Membery, Assistant Director b and c) Amy Bridgford, Operations Manager and Jo Collins, Business Development Manager
		<i>Target date</i>
		<ul style="list-style-type: none"> a) 31 January 2019 b) 30 April 2019 c) 31 January 2019

3. Lack of complete/accurate cost base to assess financial performance – Operating effectiveness

Finding

It is essential for any commercial venture to substantiate a credible cost base. This will inform the breakeven point, determine pricing strategies and impact on profit margins. Cost base information should then support any pricing decisions with the principle being that these cover expected costs. This is even more important for local authorities to avoid the risk of cross subsidisation or breaching local government legislation on commercial operations.

We assessed the completeness of the cost base the Council has developed and the basis upon which pricing has been established.

Cost base line completeness

Commercial waste financial activity is recorded on the Council's general ledger system Tech1. There are two teams involved in these services:

- Operational Team - has responsibility for the costs to deliver the service i.e. collection crew and supervisory staff payroll costs, containers, fuel and oil
- Commercial Team - has responsibility for the income derived from the service i.e. staff time to identify new customers and set them up and also undertake activities to promote the service.

All incomes and expenditures relating to commercial waste sit in the cost centre 1145 - Commercial Waste Services. Through review of this cost centre and discussion with staff we found:

- The salary cost does not include staff from the Business Development Team (who spend some of their time setting up and generating new customers), the Bin Delivery Team and supervisory staff at the Pembroke Road Depot. Without apportioning these costs, there is an incomplete picture over the financial performance of commercial waste activities
- Bin Delivery Team costs are not included such as the cost of the vehicles, maintenance and fuel and the actual cost of the bins
- Operations Team also raised a concern as it is unclear how income is coded. For instance, certain income is coded to '41175 - Sale of Bins – Trade' however, they expected all rental and collection of commercial refuse bins to be coded under '41174 - Sale of Bins'.

Pricing

The Council last increased its prices for commercial waste on 1 April 2018 by 5%. A review of the current market and commercial activities should have supported the prices set. Through discussion we found:

- The 1 April 2018 price increase is not supported by documentation to justify why 5% was determined to be appropriate
- There is no documentation held justifying prices or for the correlation between underlying costs and prices set

Budget vs. actual discussions

Once a month the Operational Team and Commercial Team separately have a meeting with different Finance Business Partners. These meetings are to discuss the overall financial position, budgets vs. actuals and any accounting adjustments needed to certain ledger codes. The Operational Team find the quality of reported financial information is not useful to inform decision making e.g. for expenditure, an overall figure year-to-date is provided and not more detailed financial information or trend analysis, which limits discussion.

It was noted that recently a Finance Business Partner attended a weekly meeting with the Commercial

Team and provided a more detailed breakdown from Tech1 and explained the report and functionality available on Tech1 to analyse financial information. This was found to be very useful and a good platform to build upon across both teams.

Risks / Implications

Full costs of the service are not allocated and reported effectively each month against income, which could lead to AVDC running a service which is not commercially viable

Pricing not based on thorough assessments of what will achieve a commercially viable proposition, which could lead to a loss of customers and a commercially unsustainable business model

Finding rating

Action Plan

Medium

- a) A list of all staff costs contributing to the delivering of commercial waste whether directly or in-directly (i.e. Business Development Team) should be analysed. It should then be assessed what proportion of this staff time relates to commercial waste activities
- b) The full costs associated with Commercial Waste should be identified, captured and compared against all income on at least a quarterly basis and reported to the Quarterly Commercial Waste meeting
- c) Operational and commercial teams should speak with their respective Finance Business Partners to agree financial reporting requirements and agree actions over better report formats
- d) Any future price changes should be supported by an assessment and approved by the Quarterly Commercial Waste Meeting and if required, the Commercial Overview Board.

Responsible person / title

- a) *Amy Bridgford, Operations Manager and Jo Collins, Business Development Manager*
- b) *Henry Allmand, Group Manager Commercial and Built Environment*
- c) *Rebecca Newbutt, Operations Delivery Group Manager and Henry Allmand, Group Manager Commercial and Built*
- d) *Henry Allmand, Group Manager Commercial and Built*

Target date

- a) *31 January 2019*
- b) *31 March 2019*
- c) *28 February 2019*
- d) *28 February 2019*

4. Improvement needed in customer information management and monitoring compliance with procedures – Operating effectiveness

Finding

Customer management information

Service delivery customer information is held on Bartec. This includes basic information such as contact, address and payment details. When a new customer is set up, information such as the risk assessments of locations (see finding 1; and Duty of Care records and information sheets, per below) are stored in a number of places and not on Bartec.

It was agreed as part of this review that having all customer information in one place would improve overall management, tracking and reduce risk e.g. enable monitoring of whether each customer has all associated checks (forms and evidence) which should be undertaken in place. The Salesforce platform could potentially be used to support commercial waste, but it is not currently part of the programme of work.

Compliance with procedures

We reviewed a sample of 12 new customers set up in the period 1 April to 30 September 2018 to check compliance with certain procedures – our findings are summarised in the table below.

Procedure area	Purpose of procedure	Findings from sample
Duty of Care	<p>Each customer has a responsibility to take all reasonable steps to ensure that waste is managed properly – these responsibilities are set out in S.34 Environmental Protection Act 1990</p> <p>The Council should issue each customer with Duty of Care guidance which they need to sign and return; these also need to be re-signed at set intervals</p>	<ul style="list-style-type: none"> Four out of 12 customers had not been sent the form We could not confirm whether a further four customers had been sent the form No signed form had been received/ documented for any of those in the sample <p>Note - A full issue was made to all customers requiring them to complete the Duty of Care form in 2018</p>
Information sheets	<p>Once the Business Development Team has set up a new customer on Bartec, they should complete an information sheet for the Operations Team. This sheet informs them about the new client and any potential issues i.e. narrow alley way, dim lighting etc.</p>	<ul style="list-style-type: none"> Five out of 12 information sheets had not been provided by the Business Development Team to the Operations Team One information sheet had not been shared with the crew by the Operations Team
Bin delivery completion notification	<p>Once a bin has been delivered to a new customer, the Bin Delivery Team should send a notification to the Business Development Team so that they can set up a collection schedule for the new customer</p>	<ul style="list-style-type: none"> For all 12 there no evidence of bin delivery completion notification could be found <p>Note - This process was introduced in May 2018. The process is not yet embedded effectively</p>

Risks / Implications

Non-compliance with expected procedures which could put staff and customers at greater physical risk or lead to lower levels of customer service.

<i>Finding rating</i>	<i>Action Plan</i>	
Medium	a) Develop a schedule which checks the response rate for duty of care responses and report compliance levels to the Quarterly Commercial Waste meeting	<i>Responsible person / title</i>
		<i>a and b) Jo Collins, Business Development Manager</i>
	b) Re-affirm via email and local meetings the expectations for information sheets and bin delivery completion notifications	<i>Target date</i>
		<i>a) 28 February 2019 b) 31 December 2018</i>

5. Low levels of under charging to customers and small differences in quarterly reconciliations – Operating effectiveness

Finding

Invoicing

We reviewed a sample of 15 new customers set up in the period April to September 2018:

- Six customers are set up for direct debit payments on Bartec (waste management system) whereas in practice they are paying via invoices on Tech1
- One customer has sent in the direct debit information, however the Tech1 record is showing this as an invoice customer.

The consequence of these errors is that customers who should pay a higher charge for choosing to use invoices as a method of payment are charged at the lower rate of using direct debit. The team recognise this issue and are in the process of issuing letters to all customers to promote moving to direct debit payment or incur a £10 per invoice fee if they remain on invoices. As part of this, data on the system will be cleansed.

Reconciliation

Commercial waste customers are invoiced on a quarterly basis in arrears. The Business Development Team records what needs to be invoiced on the Bartec system for the quarter; this is then downloaded onto Tech1 and invoices are raised as necessary. We re-performed the process for Q1 and Q2 in 2018-19 and found a variance of £24.90 and £189.65 respectively. Both variances have been investigated and it is noted that they are due to two inputting errors on Bartec. This was rectified at the time of the audit.

We further compared the file generated by Bartec to the actual records on Bartec. In the Q1 and Q2 files, there are the following differences:

- Q1 7000003 has not been charged £27
- Q1 7036791 has been undercharged £100.50
- Q1 There is a display issue in 7037335, leading to a difference of £59.40
- Q1 7037058 has been overcharged £34.55
- Q2 There is a display issue in 7037058, leading to a difference of £73.30.

(Note - This review did not assess the design or effectiveness of commercial waste debt recovery. A separate review in the 2018-19 Internal Audit Plan will look at all Council debt including commercial waste.)

Risks / Implications

The Council collect less income than agreed with the customer resulting is a weaker financial position

Finding rating Action Plan

Low	a) A letter be sent to every customer explaining the price plan they are on and that remaining on invoices instead of direct debit will cost £10 more per invoice	<i>Responsible person / title</i> <i>Jo Collins, Business Development Manager</i>
	b) A 100% review of customer accounts should be undertaken to ensure customer payment preferences/rates on Bartec match agreements and match what is on Tech1	<i>Target date</i> <i>a) 30 November 2018</i> <i>b) 31 January 2019</i>
N.B Invoices are going to move from quarterly in arrears to monthly in arrears from January 2019 which along with the above improvements, should remove trivial differences identified in reconciliations undertaken		

6. There is no process to collect customer feedback to understand customer concerns and promote the service to new customers – Control design

<i>Finding</i>		
<p>There is currently no process to collect customer feedback. This is a customer facing service and the ability to obtain and analyse feedback is beneficial as it allows the Council to respond to customer needs but also use the data to promote the service.</p> <p>The Council is currently working to generate a Net Promotor Score (NPS) survey that will be issued to all customers; this will score the service and also provide details about what customers do and do not like. This can form the basis to set targeted action plans to make improvements to the customer experience.</p>		
<i>Risks / Implications</i>		
<p>Lack of engagement with customers could undermine the viability of the commercial waste activities leading to a financial loss. Opportunities for improvement may be missed.</p>		
<i>Finding rating</i>	<i>Action Plan</i>	
Low	a) A Net Promotor Score (NPS) survey should be issued to all customers	<i>Responsible person / title</i>
	b) The NPS survey results should be analysed and reported to the Quarterly Commercial Waste Meeting with appropriate subsequent actions agreed	<i>Jo Collins, Business Development Manager</i>
		<i>Target date</i>
		a) 31 December 2018 b) 28 February 2019

Appendix 1. Finding ratings and basis of classification

Report classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Overall report classification		Points
●	Critical risk	40 points and over
●	High risk	16– 39 points
●	Medium risk	7– 15 points
●	Low risk	6 points or less

Finding rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Individual finding ratings

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact [quantify if possible = materiality]; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact [quantify if possible]; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact [quantify if possible]; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact [quantify if possible]; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2. Terms of reference

The key risks agreed in the Terms of Reference are set out below.

Sub-process	Risks	Objectives
Governance	<ul style="list-style-type: none"> Inadequate oversight leading to operational and commercial risks not being managed 	<ul style="list-style-type: none"> Operational and commercial governance arrangements are adequate and effective to manage risks and achieve commercial objectives Processes ensure a “joined-up” Council view is taken
Strategy	<ul style="list-style-type: none"> Ineffective strategies to direct and assess the commercial waste activities in a competitive market 	<ul style="list-style-type: none"> A strategy that outlines the vision and key objectives of commercial waste Analysis of competitors and a clear understanding of market position to direct commercial activity A sales and marketing strategy is in place, acted upon, and monitored against clearly defined KPIs
Customer identification	<ul style="list-style-type: none"> Weak customer relationships Loss of business Risk to health and safety of AVDC crew/public Breach of Duty of Care Under recovery of income 	<ul style="list-style-type: none"> Processes are in place to identify customers, assign account managers and set up contracts Risk assessments of new customers are performed to ensure AVDC crew are not subject to health and safety risks Risk assessments for existing customers are reviewed/updated Environmental health issues are appropriately reported Communication between commercial and operational teams is effective to meet customer expectations and deliver an efficient, cost effective service Customer feedback is obtained, reviewed and appropriately acted upon “Stop lists” are communicated, acted upon and reviewed Review duty of care when issuing and renewing customers
Route and efficiency management	<ul style="list-style-type: none"> Operational activities are inadequately assessed leading to increased costs and missed opportunities 	<ul style="list-style-type: none"> Regular and robust review of driver routes Assessment of activities holistically to identify opportunities which are then acted upon
Compliance with operational policies	<ul style="list-style-type: none"> Lack of compliance to procedures expose Council staff to unacceptable risks Non performance of service 	<ul style="list-style-type: none"> Up to date procedures are documented, communicated and understood by staff to direct operational activities including waste transfer notes Relevant and timely training is delivered to staff and records are maintained Activities are performed in line with procedures
Pricing, budget and costs	<ul style="list-style-type: none"> Full costs of service are unidentified. Activities are cross subsidised Business model is not commercially viable 	<ul style="list-style-type: none"> Costs for all commercial waste activities are identified, captured and reviewed against budget Pricing structure is justifiable based on fully costed model
Invoicing	<ul style="list-style-type: none"> Under recovery of income Inaccurate/incomplete invoicing for services delivered 	<ul style="list-style-type: none"> Billing structures and frequency are appropriate to maximise income recovery Regular and accurate/complete invoicing takes places based on good interfaces between the commercial waste and general ledger systems Reconciliations are performed