



## Hinckley and Bosworth Borough Council: Internal Audit Final Report **Waste Management (05.2024/25)**

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### April 2025 Reporting Timetable

Debrief Meeting: 26/02/2025

Draft Report Issued: 25/03/2025

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### Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth Borough Council ('HBBC') and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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# Your One Page Summary

**Audit Objective:** assess the design and effectiveness of the control framework for managing waste

## Audit rationale

### Why the Audit is in Your 2024/25 Plan

To ascertain that that the Council has adequate controls in place to with regards to the handling of waste, including compliance with legislation.

### Your Strategic Risk

No specific strategic risk.

### Your Strategic / Tactical Objective

Work towards a greener borough.

## Summary of our opinion

### Moderate Opinion

See Appendix A1 for definitions

### Summary of Recommendations

High Priority	-
Medium Priority	2
Low Priority	-

Actions agreed by you	100%
Overall completion	May 2025



## Summary of findings

### Examples of good practice

- ✓ Signed Knowledge Check Sheets on the Waste Management Code of Practice for a sample of 10 Waste Management Operatives.
- ✓ Valid Category C Licenses and Driver Qualification Cards for a sample of five drivers in the service.
- ✓ Evidence of a payment received for a sample of 10 residents on the garden waste permit holders list.
- ✓ Evidence of proactive chasing through overdue invoice reminder emails and letters for a sample of five trade waste invoice debts.

### Highest Priority Findings

- Inconsistent review of the Food Waste Collections Project Risk Register and inaccurate risk scores.
- Lack of defined requirements for checking bins for contamination.

### Key root causes

- The Project Risk Register is not a fixed agenda item at the Food Waste Collections Project Board meetings.
- Manual calculation of gross risk scores as opposed to utilising automated formulas.
- The Council's requirements to check for contamination have not been defined in the Waste Management Code of Practice.

## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	HBBC should:  1. Include Risk Management as a fixed agenda item at the Food Waste Collections Project Board meetings.  2. Utilise the automated multiplication formulas available in Microsoft Excel to calculate risk scores.	Medium	Caroline Roffey, Head of Street Scene services	01/05/2025
2	HBBC should:  1. Define its requirements of Operatives with regards to checking bins for contamination in the Waste Management Code of Practice.  2. Communicate these requirements to Waste Management Operatives.  3. Spot check compliance with the defined requirements, utilising the CCTV footage from waste management vehicles.	Medium	Darren Moore, Waste and Business Development Manager	01/05/2025

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money

Effective budget monitoring promotes Value for Money (VfM) by ensuring resources are used economically, efficiently, and effectively to achieve desired outcomes and avoid unnecessary and unexpected expenditures.



For the Waste Management budget, we confirmed that monthly budget monitoring reports are provided by Accountancy Services to the Waste and Business Development Manager, offering detailed breakdowns of each cost centre's year-to-date budget, actuals, commitments, and variances. This practice ensures economy by maintaining cost control. We also found that regular monthly meetings take place between Accountancy Services and the Waste and Business Development Manager. Such collaboration helps to facilitate efficiency and effectiveness, as we found that these meetings support with the timely variance analysis and year-end forecasting which HBBC undertakes for the Waste Management budgets monthly.

Tipping sites may reject a full waste load or require Operatives to sort through the load to remove contaminated items before acceptance. This gives rise to VfM implications from an efficiency standpoint with regards to ensuring that staff resource is not spent on remediating contamination. Per the Council's Waste Management Code of Practice, it is necessary for Operatives to reject bin collections when they contain contaminated waste.

We were also informed by management that Operatives should inspect for signs of contamination, however this is not reflected in the Code of Practice and our review of a sample of CCTV footage found that contamination checks were not taking place. We have raised a recommendation in relation to this issue in **Section 03** below.

### Sector Comparison

Following the Environment Act 2021, Local Authorities are mandated to provide separate collections of food waste on a weekly basis by 31 March 2026. The changes are aimed at reducing landfill waste, improving recycling rates and standardising the materials collected across the country, ensuring consistency and reducing confusion.



We have seen a variety of approaches and challenges to implementing these changes across different Local Authorities, such as space constraints due to existing depot space being insufficient for accommodating additional vehicles and staff facilities. We have therefore seen a trend of additional costs amongst Local Authorities in relation to sourcing further depot space. HBBC's existing depot was not of a sufficient size to accommodate the changes, resulting in a second depot having been sourced.

HBBC intends for the roll out of its new food waste collection service to be phased over eight weeks between February and March 2026. We see that a phased roll out approach is common amongst the sector and can be considered as good practice as a result of the risk implications of the failure to manage a smooth service delivery.

During our review, we found that HBBC has treated the changes as a project of work, with controls such as a Food Waste Collections Project Board that meets every two months and a Project Risk Register being put into place. We did, however, find that Risk Management is not a fixed agenda item at Project Board meetings to facilitate regular oversight of the project's risks. We have raised a recommendation in relation to this in **Section 03** below.

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Inconsistent review of the Food Waste Collections Project Risk Register and inaccurate risk scores	
Finding(s) and Risk	Recommendation(s)
<p>As a result of the Department for Environment, Food and Rural Affairs (DEFRA) reforms for simpler recycling in England, all Local Authorities must provide a separate weekly food waste collection by 31 March 2026. In response to these legislative changes, the Council has initiated a project to support with implementing the required changes. The Council's project includes a Food Waste Collections Project Board and a Risk Register in the form of a spreadsheet for the project.</p> <p>We reviewed the Project Risk Register and noted that at the time of our review in February 2025, it had last been reviewed in September 2024. Through review of the September 2024 Food Waste Collections Project Board minutes, we confirmed that the Risk Register was reviewed at the September meeting. However, review of the November 2024 and January 2025 minutes found that the risk register had not been discussed.</p> <p>We were informed by management that the Risk Register would normally be reviewed by exception when anything changes. However, having the Project Risk Register as a fixed agenda item at Project Board meetings ensures continuous monitoring and proactive management of risks, enabling timely decision-making.</p> <p>Furthermore, we also found that the following gross risk scores, which are the result of multiplying probability and impact scores before considering controls, were incorrectly calculated across the 14 project risks listed:</p> <ul style="list-style-type: none"><li>• In one instance, the probability and impact scores were four and three respectively, which should result in a gross score of 12. However, a gross score of eight was recorded; and</li><li>• In another instance, the probability and impact scores were four and two respectively, which should result in a gross score of eight, however a gross score of 12 was recorded.</li></ul>	<p>HBBC should:</p> <ol style="list-style-type: none"><li>1. Include Risk Management as a fixed agenda item at the Food Waste Collections Project Board meetings.</li><li>2. Utilise the automated multiplication formulas available in Microsoft Excel to calculate risk scores.</li></ol> <div><b>Root Cause(s)</b><p>The Project Risk Register is not a fixed agenda item at the Food Waste Collections Project Board meetings.</p><p>Manual calculation of gross risk scores as opposed to utilising automated formulas.</p></div>

Through discussions with management, we were informed that the scores had been calculated manually in the spreadsheet.

**Risks and Impacts:** Risk is not a fixed agenda item at Project Board meetings, meaning that recognised and emerging project risks may not receive adequate attention and scrutiny, resulting in failures to safeguard the successful implementation of the Food Waste Collections Project.

Manual calculation errors in the Project Risk Register lead to incorrect gross risk scores, risking inaccurate risk assessment and potentially inadequate risk mitigations.

#### Management Comments / Agreed Actions

Both of these recommendations have been accepted. Although for clarity, the risk register was an item on the first Food waste project board meeting in September and at the latest one on 18/03/2025.

Responsible Person	Caroline Roffey, Head of Street Scene Services	Action Due Date	01/05/2025
		Priority Level	Medium



## 2 Lack of defined requirements for checking bins for contamination

### Finding(s) and Risk

The Council's Waste Management Code of Practice defines the restrictions in place for certain waste which the Council can and cannot accept. This is to correspond with the tipping site's requirements. The Council's Code of Practice further notes that it may be necessary for Operatives to reject collection of a bin due to contamination, as the tipping site can reject a full load due to contamination, or require Operatives to sort through the load to remove contaminated items before acceptance.

We were informed by management that to help control the risk of contamination, Operatives should internally inspect bins for signs of contamination. However, this is not reflected in the Code of Practice.

From CCTV footage for nine garden waste bin collections on 15 January 2025, we did not see evidence that the contents of the bins were checked for contamination. Upon querying this with management, we were informed that crews would take a risk-based approach and lift lids in problem areas known for contamination.

**Risk and Impact:** Expectations for checking bins for contamination are not defined, meaning that there is a higher risk of contaminated loads being rejected by the tipping site, resulting in unnecessary staff time spent removing contamination and reputational damage for the Council.

### Recommendation(s)

HBBC should:

1. Define its requirements of Operatives with regards to checking bins for contamination in the Waste Management Code of Practice.
2. Communicate these requirements to Waste Management Operatives.
3. Spot check compliance with the defined requirements, utilising the CCTV footage from waste management vehicles.

### Root Cause(s)

The Council's requirements for checking for contamination have not been defined in the Waste Management Code of Practice.

### Management Comments

The Waste Code of Practice will be updated to specifically note the requirement to check bins for contamination. Supervisors will review compliance with this when completing physical (quarterly) and remote (monthly) monitoring for areas where higher levels of contamination are noted.

### Responsible Person

Darren Moore, Business development and waste manager

### Action Due Date

01/05/2025

### Priority Level

**Medium**



# A1 Audit Information

## Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley and Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Waste Management with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

### Governance

- Policies and procedures are not documented and understood by key staff, resulting in inconsistent and inappropriate management of waste.

### Legal, regulatory and reputation risk

- Inappropriate waste storage, transportation or disposal could result in environmental damage, breach of environmental laws or regulations, or adverse media attention.
- Unauthorised usage, or theft, of fuel resulting in financial losses and impacting the fleet's overall efficiency.

### Income

- Waste is collected from households which have not paid for garden waste collection, resulting in financial loss for the Council.
- Income relating to garden and trade waste is not maximised and consistently collected resulting in financial loss to the Council.

### Financial Management

- Failure to manage the waste management budget may result in loss of operational efficiency through unexpected, or unnecessarily high costs.

### Reporting Accuracy

- Inaccurate reporting on waste management could result in inappropriate decision making.

### Planning for legislative changes

- Hinckley do not have appropriate governance arrangements in place to prepare for the upcoming proposed changes from DEFRA. This results in the Council not being prepared, and therefore not compliant with new legislation.

## Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

## Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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