



Comhairle nan Eilean Siar
Internal Audit Review
WASTE DISPOSAL AND REFUSE COLLECTION
Final Report –2024/25 -19

10 July 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

CONTENTS

		Page
SECTION 1	<u>EXECUTIVE SUMMARY</u>	1
SECTION 2	<u>RECOMMENDATIONS AND AUDIT OPINION</u>	3
SECTION 3	<u>FINDINGS, RECOMMENDATIONS AND ACTION PLAN</u>	4
APPENDIX A	<u>RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT</u>	11
APPENDIX B	<u>DEFINITION OF AUDIT OPINIONS</u>	12
APPENDIX C	<u>ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES</u>	13

Date of Visit	May 2024
Draft Report Issued	05 June 2024
Management Response Received	09 July 2024
Final Report Issued	10 July 2024

Issued to:	
Chief Executive	Malcolm Burr
Head of Municipal Services	David Macleod
Cleansing Services Manager	Iain N Campbell
Landfill Site Manager (Bennadrove)	Roy Shirkie
External Audit	Martin Devenny

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

SECTION 1: EXECUTIVE SUMMARY

Introduction

1.1 The Report has been prepared following an internal audit review of the Waste Disposal and Refuse Collection as part of the operational annual Internal Audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and management of the Waste Disposal and Refuse Collection. The scope of the audit included a review of the following objectives:

- The new waste cell at Bennadrove is operating as expected and without significant issues;
- There is a programme of inspections of landfill sites and civic amenity sites that includes provision for random inspections, where applicable;
- The authority has an approved waste disposal strategy including detailed targets and objectives which is reviewed annually, approved, monitored, and reported to the appropriate committee;
- The arrangements for the collection of waste within the islands are reviewed and performance of such collections is monitored, and performance benchmarked against other comparable local authorities; with supporting up to date business continuity plans and a risk register;
- There are documented working practices and staff training has been compiled in compliance with statutory guidelines and directives that are regularly reviewed and updated by a designated senior officer and approved by the appropriate committee;
- There are appropriate security measures in place at waste disposal areas operated by the authority;
- The authority uses landfill monitoring techniques such as telemetry to monitor the build-up of dangerous liquids and gases and there are suitable arrangements for dealing with leakage, blowing materials and pest infestation to prevent damage to the surrounding environment to control/deter vermin; and
- There is a cyclical replacement programme in place for the replacement of refuse lorries and other collection plant.

Background Information

Waste Collection and Disposal is one of the most routine activities of local government and one that generates a significant level of public interest. The collection and processing of waste has changed in the last decade with increased emphasis on recycling and a move away from landfill.

Landfills are solid waste disposal sites, where both active and inert waste is deposited and compacted, and then periodically covered over with a layer of soil. Their purpose is to minimise the volume of non-recyclable solid waste material and store it with minimal danger to the public.

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

Landfill Tax is an environmental tax paid on top of normal landfill rates by any company, local authority or other organisation that wishes to dispose of waste in landfill. It is intended to encourage alternative means of waste disposal, such as reusing and recycling, by reflecting the environmental costs of landfill use more accurately in its price.

Landfill Tax rates came into effect on 1 October 1996. The tax is levied at two rates, one for Active Waste (Biodegradable, e.g. wood, plastics, food, topsoil etc.) and one for Inactive Waste (Non-biodegradable e.g. stone, sub-soil etc.).

Concluding Remarks

- 1.3 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:
- The current Waste Management Strategy to be updated;
 - Management to ensure a robust process is in place following cyber-attack to monitor invoicing until new systems are in place;
 - Annual documentation of Risk Assessments/ Safe Systems of Work (SSoW) and

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	0
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	3
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	5

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

2.2 Based on the audit work carried out our overall opinion is that a Reasonable level of assurance can be placed upon the control environment of the service/area under review.

A full list of opinions which an auditor may provide can be seen at Appendix B.

It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. There are current limitations in place as a result of a cyber-attack on 7 November 2023. This is likely to have limited our access to documentation prior to this date which requires to be acknowledged when considering the contents of the Report.

Internal Audit
Comhairle Nan Eilean Siar
Sandwick Road
Stornoway
Isle of Lewis
HS1 2BW

10 July 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
M1	<p>The most up to date waste management strategy is the Comhairle’s 2012 Waste Management Strategy document.</p> <p>Updates have been reported to the Comhairle committees of changes to the waste management strategy and it had been planned that once legislative changes had settled down the Waste Management Strategy would be fully updated.</p> <p>It is understood that changes feel frequent, and legislative changes are often not progressed and delayed by the Scottish Government. However, the current Waste Management Strategy documentation is very out of date and the Comhairle may not be working towards the correct shared goals and outcomes which may result in the local authority losing sight of the ambitions of the Comhairle and Scottish Government.</p>	<p>Current strategy document is now over a decade old and may not include the current plans and legislation required to adhere to current Scottish government guidelines.</p> <p>Due to frequent changes/ delays on schemes we would suggest an annual review of the Comhairle nan Eilean Siar Waste Management Strategy and timely reviews of the document to ensure it remains relevant.</p>	<p>Although the current waste strategy is now 12 years old, it still remains valid as is based on the Waste (Scotland) Regulations 2012, which provides the background regulations for all current waste and recycling activities in Scotland.</p> <p>There have been a significant number of legislative changes which have recently been delayed, postponed or cancelled by Government. This includes the Deposit Return Scheme (scheme postponed to 2027 and glass scheme cancelled), Extended Producer Responsibility (delayed until late 2025) and the ban on Biodegradable Municipal Waste (postponed until 2026). There is also a new Circular Economy Bill which has just been passed by Scottish Government (26 June 2024)</p> <p>Against this level of legislative flux, a complete re-write of the Comhairle’s Waste Strategy is not sensible until the new “Route Map” guidance is available. However, working through the current strategy is regularly reported to the Comhairle including updates on the legislative position.</p>	D Macleod	<p>Update to T&I for November 2024</p> <p>New strategy draft for April 2025 (subject to legislative stability)</p>

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
M2	<p>The Landfill waste transfer notes to customer invoicing process looks to be operating as expected.</p> <p>Audit have been unable to fully check this process end to end as copy invoices can't be produced to be assessed.</p>	<p>Management to ensure robust process is fully implemented following cyber-attack with monitoring to ensure all services provided are invoiced until new systems are in place.</p>	<p>All invoicing is now up to date.</p>	<p>D Macleod</p>	<p>Completed</p>

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
M3	<p>Risk assessments are being reviewed by the Landfill Site Manager (Bennadrove) on an annual basis and saved on the computer.</p> <p>There is also a folder that contains the printed risk assessments. There is a section to advise the date it has been reviewed and who has reviewed the document. There is also a section listing all employees to sign and date to advise they have read the policy. This section is not currently being utilised to acknowledge that document has been reviewed or acknowledge my staff. Risk of updated assessments not being shared with all staff and insufficient records should there be an incident.</p> <p>The Risk Assessments folder for Marybank Depot is outdated and requires immediate attention. Risk assessments were saved on the server and have been lost in the cyber-attack.</p>	<p>Risk Assessments/SSoW to be reviewed and updated as necessary.</p> <p>The review history section to be completed by relevant manager and signed by staff on the acknowledgement page. New version to be printed when there is amendments or insufficient space to update signatures /reviews.</p> <p>Risk Assessments folder to be recreated and updated and reviewed as required.</p>	<p>A formal review of Risk Assessments is normally carried out every two years but may be subject to an earlier review if there is a change of circumstance or operational practice.</p> <p>Prior to the cyber-attack, there was a move to hold all RA/SSOW files centrally on a shared server</p> <p>Regular checks will be carried out by managers to ensure that where paper copies are used, they are the most up to date version, and signed off appropriately.</p>	D Macmillan/ I N Campbell	October 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L1	<p>Work is currently being undertaken on a refresh of the current business continuity plan. The Plant Manager is the lead on this item and the Finance and Risk Management Officer is involved as the format of the plan has changed.</p> <p>It is important to ensure that succession planning is identified within the business continuity plan. The service has a few highly skilled and knowledgeable core staff that will have the option to retire over the coming years. It is imperative that relevant succession planning is in place to ensure that should any members retire there is minimal disruption to the service.</p>	Succession planning to be looked at within the department and business continuity plan.	Succession planning to be looked at within the department and business continuity plan. Where there is an opportunity to develop resilience, this will be explored - e.g. through the use of apprenticeship schemes. The harsh reality is that when budgets are being cut to the bone, the opportunities to provide succession planning are also reduced.	<p>D Macleod</p> <p>D Macmillan</p>	<p>March 2025</p> <p>March 2025</p>

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L2	<p>Training records from the Depot were lost in the cyber-attack on 07 November 2023. The department have a note of the regulated training such as CPC training. Lack of records could result in employees not having sufficient training, qualifications to undertake certain areas of work.</p> <p>Bennadrove have paper-based training cards held in the office and have not lost any of their training information.</p>	<p>Rebuild training records database for the depot including expiry dates for qualifications.</p> <p>Consideration to be given to creating an electronic database for the training card data held at Marybank.</p>	<p>Training records are being rebuilt from paper records.</p> <p>Serious rebuilding of trust will be required before full reliance on an electronic database could be implemented.</p>	<p>A Mackenzie</p> <p>R Shirkie</p>	<p>October 2024</p> <p>October 2024</p>

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L3	<p>No keyholder list is in place for Bennadrove.</p> <p>All employees have keys for the main padlock but details are not listed of keys for other areas such as the offices.</p>	<p>Keyholder list to be compiled listing the keys issued to staff for the main padlock and for the offices.</p>	<p>List compiled</p>	<p>R Shirkie</p>	<p>July 2024</p>
L4	<p>No plant or vehicle replacement is in place for Bennadrove.</p> <p>Risk for unsafe plant/machinery being used while funding is sourced/ machinery supplied. High cost to hire in vehicles while trying to purchase new plant/machinery due to waiting lists and limited suppliers.</p>	<p>Replacement schedule for Bennadrove to be created and implemented similar to the system utilised at Marybank Depot.</p>	<p>Bennadrove Landfill plant and machinery has historically been purchased using Capital. This was possibly as a tool to reduce revenue spend. As a result, the funding stream for replacement equipment relies on the availability of funding from the Capital Programme.</p>	<p>D Macleod</p>	<p>March 2025</p>

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L5	<p>The hydrogen bin lorry is not currently running using hydrogen, it has a dual fuel function and is running using diesel.</p> <p>The project partner that was involved for providing the hydrogen element will hopefully receive grant funding in the near future.</p> <p>A new electric bin lorry was purchased in 2023, the electric part of the vehicle is working fine but there are issues with the loading system. The vehicle cost in the region of £455k and the company it was purchased from is no longer in operation. Work is being done to see if the warranty will be honoured.</p> <p>Risk of lack of value for money on hydrogen / electric vehicles if they are not able to provide the service they have been purchased for given the high cost of these vehicles.</p>	<p>A follow up to be undertaken to advise of the progress on when the Hydrogen vehicle is fully operational using hydrogen.</p> <p>Details on the resolution of the electric vehicle issues to be advised.</p>	<p>Hydrogen production expected to be reinstated in Spring 2025</p> <p>Engineer has repaired the on-board mechanical systems. Currently awaiting revised programming/software.</p>	<p>D Macleod</p> <p>I N Campbell</p>	<p>May 2025</p> <p>August 2024</p>

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

DEFINITION OF AUDIT OPINIONS AND RATINGS

The standard definitions for internal audit assurance over an engagement are as follows:

Level of Assurance	Definition
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT DRAFT REPORT
WASTE DISPOSAL AND REFUSE COLLECTION**

APPENDIX C

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION
1	Due to the network issues caused by the cyber-attack the printer at the Depot is currently not on any Network and does not require a passcode to release documents/print jobs. There is the issue that documents of a confidential nature could be picked up/ viewed by other persons within the workplace. IT are working on the reinstating the network, and this should rectify the situation.	Iain Norman Campbell	Y	05/06/2024