

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	19 February 2026
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2614 – Trade Waste
REPORT NUMBER	IA/AC2614
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Trade Waste.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Trade Waste.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit report AC2614 – Trade Waste

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Trade Waste

Status: Final
Date: 05 February 2026
Risk Level: Cluster

Report No: AC2614
Assurance Year: 2025/26

Net Risk Rating	Description	Assurance Assessment
Moderate	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.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	01-Sep-25	01-Sep-25
Scope agreed	05-Sep-25	23-Sep-25
Fieldwork commenced	12-Sep-25	05-Sep-25
Fieldwork completed	17-Oct-25	28-Oct-25
Draft report issued	07-Nov-25	17-Dec-25
Process owner response	28-Nov-25	27-Jan-26
Director response	05-Dec-25	05-Feb-26
Final report issued	12-Dec-25	05-Feb-26
AR&S Committee	19-Feb-26	

Distribution	
Document type	Assurance Report
Director	David Dunne, Interim Executive Director City Regeneration & Environment
Process Owner	Kristine Hultman, Waste & Recycling Manager
Stakeholder	Mark Reilly, Chief Officer – Operations
	Stuart Youngson, Acting Team Leader Waste & Recycling
	Laura Todd, Acting Trade Waste Officer
	Jenni Lawson, Chief Officer – Governance*
	Jonathan Belford, Chief Officer – Finance*
Final only	External Audit
Lead auditor	Heulwen Beecroft, Auditor

1 Introduction

1.1 Area subject to review

Under the Environmental Protection Act 1990, local authorities have a statutory obligation to collect commercial waste if requested to do so. Businesses or charities, including those run from home, have a legal responsibility under the Waste (Scotland) Regulations 2012, to store, transport, recycle and dispose of their waste in a way that does not harm the environment, and have appropriate business waste collection/disposal in place with a licenced waste contractor.

The Council provides waste and recycling collection services for businesses in the City. The collections provided include mixed recycling for paper, cardboard, glass, plastic containers and metal tin cans; food waste recycling; garden waste recycling; general waste and collections for bulky items. The types of waste are similar to those households would generate, and the same refuse collection vehicles are used. Customers contact the council via the Aberdeen City Council website, contact centre, or email to make a service request. Some customers may be visited by trade waste, waste and recycling officers or the waste compliance team to discuss the disposal of their waste. If they are a customer who the Council can serve, a contract is generated and charges appropriate to the waste collection required are applied.

Waste Transfer Notes (WTN) must be used if a collection service is in place to ensure there is a clear audit trail for managing waste legally. WTN's must be kept for at least 2 years and produced if SEPA or the Council requests. If the Council finds a business acted in a way that did not meet commercial waste regulation requirements, a fixed penalty notice of up to £500 could be issued.

The Council's contractor for waste management is SUEZ (formerly SITA). The contract originally ran from 2000 to 2025 and has since been extended to 2029.

The cost of the 2025/26 Waste Services budget as at August 2025 is £21.2m, of which the commercial waste income budget is £1.1m. The actual outturn for 2024/25 for Waste Services was £23.9m, of which commercial waste income contributed £1.1m. The Council receives income from scheduled and ad hoc collections, the lease and sale of bins, compostable bin liners and miscellaneous charges such as from work to secure bins. The main expenses allocated to the commercial waste cost code are staffing, marketing, purchasing bins and liners.

1.2 Rationale for the review

The objective of this audit is to consider whether adequate control is in place covering trade waste income and expenditure, that appropriate agreements are in place and that accounting arrangements are robust.

In addition to the Council's statutory obligations, the trade waste service represents a key commercial activity, generating income through the provision of waste collection services to businesses. Given its financial and operational significance, it is essential to ensure that adequate controls are in place.

Controls over income collection, expenditure, and service delivery must be robust to prevent financial loss, ensure compliance with internal policies, and maintain service quality. Weaknesses in control could lead to undercharging, unrecorded income, or inappropriate spending.

Formal agreements with customers and suppliers should clearly define service terms, pricing, responsibilities, and termination clauses. This ensures legal protection, transparency, and consistency in service provision. The absence of proper agreements may expose the council to disputes or loss of income.

Accurate and timely accounting is critical for financial reporting, performance monitoring, and decision-making. Ensuring relevant costs and income are included is important so that the service can demonstrate it is efficiently run to best effect and maximises cost recovery. This includes correct invoicing, reconciliation of income, and allocation of expenditure. Weak accounting practices could result in misstatements or budget over-spends.

The last audit report for the area was AC1608 from January 2016. Previous recommendations were to review billing and charges, improve reconciliations, review ways to attract and retain customers and

deliver financial management information requirements. In addition, a new Waste Management System was to be put in place and improvements in income collection for full recovery and management information were anticipated.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	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.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Cluster	This issue/ risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to be providing **REASONABLE** assurance over the controls in place covering trade waste income and expenditure, agreements and accounting arrangements.

The audit however identified areas where improvements are required to strengthen the framework of control, specifically:

- **Written Procedures and Systems** – Customer-facing information on the Council website, and internal procedures covering the service's main activities would benefit from review to ensure they remain relevant and up to date. There are multiple systems used in planning and recording service delivery. These would benefit from streamlining and automation where possible, which would require improvements to the way data is recorded and managed. Data is not currently well organised and cross-referenced, presenting risks to its completeness and accuracy across systems. This could impact on data protection compliance as well as reducing process efficiency.
- **Contract Management and Records** – Quotations, signed agreements, and variation orders are not being consistently retained to support the collections and charges currently being made. Whilst there is a workflow which should be followed, there are no system based controls to ensure services do not commence until contracts have been signed and returned and set up on the system, that services end promptly on request or for non-payment, and no subsequent checks to detect potential variations between planned and actual service delivery. There are no internal charges for collections from Council premises, though they can be relatively high use customers. There may therefore be limited incentives to review and reduce waste and the cost of internal collections.
- **Income, Reconciliations and Debtors** – Risks were identified in respect of price list variations. Although there is a check at the point of processing that the total number and value of invoices passed to the financial system matches, there is no routine reconciliation between records of planned and completed collections and amounts invoiced. This presents a risk that all activity might not be correctly charged. Whilst there are few credits (less than 5%), these arise from avoidable issues that may be indicative of weaknesses in the invoicing and debt-management processes. There is no equivalent control to detect any potential under-charging.
- **Budgets and Cost Allocation** – Underlying financial accounting records need to be accurate to support appropriate management of resources. While there are detailed income records and budgets, and expenditure is generally being managed appropriately, costs relating to the trade

waste service are not separately recorded or apportioned from other activities (e.g. domestic waste collections). Without this data, there is less assurance that the service is being managed within budget and adequately recovering its costs. Desktop reviews of cost estimates are being undertaken but would benefit from independent review to improve accuracy and completeness.

- **Performance Information** – The Service tracks costs and income but may benefit from a more commercial approach to monitoring service delivery and sales performance.
- **Asset Management** – The Service spends around £26k on new/replacement bins each year. The number of bins with customers could be determined from the collections system, but this is not routinely reported on and valued. Whilst individual bin values are relatively low, without detailed records of stock and stock movement, and clear supporting processes, there may be a risk of items being lost or damaged and costs not being recovered.

Recommendations have been made to address the above risks, including: review of procedures and public-facing information; consideration of streamlining systems and automating processes; carrying out periodic reconciliations of system data and of service delivery records against charges invoiced; development of more robust records management processes and workflows; periodic review of internal service levels; consideration of formal apportionment of costs to aid budget management; and implementation of proportionate stock controls.

2.3 Identified Risks

Risk Level	Number of Risks Identified
Severe	-
Major	-
Moderate	4
Minor	2
Total	6

2.4 Management response

The Service welcomes the audit findings and is committed to strengthening processes where feasible.

We will review internal procedures and public-facing information. We acknowledge the need for further process streamlining and automation and will seek developer support whilst recognising that attempts to secure developer support have historically not gained traction due to competing priorities.

Where multiple systems remain necessary, we are happy to consider what improvements could be made. This may include devising a new system of customer and account sampling to support our current efforts.

We will explore improvements to record management, audit trails, and change controls within the limits of current systems. However, we believe findings relating to record retention may not fully reflect the availability and accessibility of our documentation.

We recognise a corporate-level resource gap relating to internal customer waste management and recommend that internal customers be included in proposed sampling as a practical interim measure.

The Service is happy to review price list data, enhancing safeguards, and to consider implementing a new system of sampling to review the appropriateness of invoiced amounts. We are open to refining invoice descriptions on ad hoc invoices and will collaborate with Finance to secure an updated aged debt procedure.

While formal cost apportionment is conceptually sound, its practical value appears limited given shared operations and the Trade Waste teams limited influence over costs. We see benefit in periodic independent review of costs analysis by Finance. We agree to review performance information requirements, acknowledging that progress may depend on support from corporate teams.

Finally, the Service is willing to consider incorporating bin values into stock sheets but notes that existing controls already provide proportionate assurance. Given this, the additional benefit of expanded reconciliation is unclear relative to the effort required.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p>Written Procedures and Systems – The Service provides customer-facing information on the Council website outlining the trade waste services available and businesses’ obligations. Whilst generally comprehensive, some of the links to external resources were out of date and no longer available.</p> <p>Internal procedures exist and cover the main activities; however, they would benefit from being collated into a single suite of current and relevant documents. Updates should include accurate information, working links, and version control to strengthen document management and support future improvements.</p> <p>Price setting for trade waste collections has been delegated to the Service as part of the Council’s annual budget process. A standard price list is maintained and updated annually to reflect inflation, but it is not published online. Potential customers must contact the Service for a quote, a practice intended to reduce the risk of competitors accessing pricing data. However, this approach introduces a risk that delays or perceived obstacles could discourage new business. Furthermore, the Service does not monitor quote turnaround times or acceptance rates, relying instead on complaints or direct feedback.</p> <p>New requests for provision can be logged online but are generally recorded on a typed or hand-written form, returned by email. Whilst there are guidance notes on the form, content is free-text narrative, limiting options for ensuring consistent data capture. Details are then added to a separate database to generate an initial quote and supporting paperwork. If this were to be streamlined, there could be opportunities for greater automation.</p> <p>Prior to commencing services, customers must be set up in the Collections System, and as a debtor on the Financial System. The collections system is used to manage routes, record customer details and requirements, to record chargeable services and prices, and to produce waste transfer notes. Changes are processed through the system, and instructions (generated from Access or manually from previous templates) are issued to collection teams (a change variation order (CVO)) and to finance teams (a finance variation order (FVO)) to amend physical collections and billing. Although system-generated, these are Word documents that are now emailed but reflect the continuation of a largely paper-based process.</p> <p>The system is also used to issue annual waste transfer notes (WTN) to existing customers. Generating the WTN requires support from the supplier, as it requires the use of reporting functionality not currently available to the Service direct.</p> <p>When customers request cancellation of services, this should also go through a formal process to apply the change on the System, amend physical collections, and issue final invoices. However, the internal process for account closure focuses on billing, and does not cover formal variation orders, or collection/recovery of bins issued as part of the service.</p> <p>Analysis highlights that systems could be used more effectively. Currently, multiple systems are employed to receive and record requests, prepare quotes, set up or amend accounts and routes, and generate WTNs. This duplication is inefficient and introduces risks around maintaining consistent records. There is no reconciliation between systems to ensure data completeness and accuracy, which increases the risk of errors. Ineffective data management also heightens the risk of non-compliance with UK GDPR principles and requirements.</p>		
IA Recommended Mitigating Actions			

Ref	Description	Risk Rating	Moderate
	<p>a) Internal written procedures, and public facing information, should be reviewed for relevance and completeness, with version control information included to aid future updates.</p> <p>b) Consideration should be given to streamlining and automating processes where possible.</p> <p>c) Where multiple systems are still required, data should be reconciled periodically to confirm its accuracy and completeness.</p>		
Management Actions to Address Issues/Risks			
	<p>a) <i>We agree to review our written procedures and public facing information and consider ways to improve our version control. However, as we are reliant on the support of ACC Communications to make changes to public facing information, and given that no changes are currently being made to the website we would seek to close off this action when new copy has been drafted and issued to our Comms partner, rather than at the point that the website is amended.</i></p> <p><i>We would like to note that we believe that our decision not to publish our price lists online remains, on balance, the most appropriate approach. When these prices were previously made publicly available, they were routinely used by private sector competitors to secure contracts, including by encouraging existing customers to change provider. In addition, providing prospective customers with access to pricing information before their service requirements are fully understood can negatively affect compliance and income. This creates a risk that businesses may make decisions based primarily on cost rather than on the level of waste and recycling services genuinely required. Such behaviour can, in turn, increase the likelihood of inappropriate waste disposal, including potential misuse of the public realm.</i></p> <p>b) <i>Improvements have been made and processes are more efficient than in 2016, when the last audit was undertaken. It is recognised that more can be done and the service has been trying to enlist development support for many years but has been unable to get any traction due to competing priorities. The service agrees to attempt to request the support of developers again to investigate options for improvements.</i></p> <p>c) <i>We agree to consider what improvement we could make. This may include a new system of customer and account sampling and would support our current efforts.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Waste & Recycling Manager	July 2026

Ref	Description	Risk Rating	Moderate
1.2	<p>Contract Management and Records – With limited exceptions, businesses must procure a Trade Waste service (which may be obtained from either the Council or a suitable private contractor) as a legal requirement. Original signed legal documents including contracts and WTNs provide evidence of the scope and level of services agreed and delivered.</p> <p>As noted at 1.1 above, The Service uses multiple systems to produce and hold records of requests, customer details, quotes, service delivery, and changes. However, these records are not always complete or consistent. For example, in a sample of 20 cases, original quotes could not be located for five (25%). Instructions and variation orders were also missing in several cases: 12 of 20 (60%) lacked Collection Variation Orders (CVOs), and five of 12</p>		

Ref	Description	Risk Rating	Moderate
	<p>(42%) lacked Finance Variation Orders (FVOs). Inconsistencies were also noted between business names recorded on different systems, with no common identifier to link records.</p> <p>To create a new schedule, WTN and agreement when a change is requested, procedures set out that a current client record on Access is duplicated. The system does not prevent original data being overwritten in error, and there is no record on this system to confirm whether a customer accepted the offer. From the sample of 20 cases, nine collection schedules (45%) could not be matched back to these records.</p> <p>Where agreements were on file, these indicated potential delays between acceptance and collections commencing. Four of 10 collections did not start on the agreed date, with some starting up to 30 days after the agreement. Records are not filed in such a way as to indicate whether this was due to service delay or a customer request. The Service has highlighted that the issue date does not necessarily represent the intended service start date. Customers must first sign and return the agreement, and they may also request a future start date. In addition, reasonable time is required for account setup and coordination with Finance and Waste Operations. For these reasons, immediate commencement of collections should not be assumed.</p> <p>Customers are provided with terms and conditions in relation to their waste service and are required to return a signed copy to confirm their acceptance. Whilst the Service holds system records of what it considers has been agreed, and it may be implied this has been accepted through continued provision and payment for these services, retention and storage of signed agreements varies. These are stored either on SharePoint, in paper hard copy, or in emails with limited structure. Of 20 cases reviewed, five external customer agreements were not signed, and five internal customer agreements could not be sourced. Of a further 10 new clients sampled, the associated agreements were not signed. In the event of a dispute, this could result in financial and reputational risks.</p> <p>The Service has stated that services are not commenced until signed agreements are returned, with bin delivery and collections contingent on a job ticket and CVO being raised, which will only be done after agreements are in place. There are however no system based controls to ensure this workflow operates as intended in practice, further reducing assurance over the completeness and accuracy of records.</p> <p>Key client communication is generally by email except for an annual letter by post to advise of price changes and to provide a WTN. This includes a request to check and confirm the service being delivered and charged for is correct, through return of the WTN to the Trade Waste Team. However, these are not routinely returned, and this is not followed up as the legal requirement to hold the waste transfer note lies with the customer.</p> <p>Communication from customers requiring account closure or suspension is not being retained routinely with other documentation, reducing assurance over termination of services and the accuracy of final charges. There are no standard forms or records to support these changes, and there are no records to confirm bins have been recovered. The Service maintains a spreadsheet of account closures, and the change in status is recorded on the collections system. Two of ten closures reviewed (20%) did not include a reason for closure, and two of ten FVO's (20%) were not found on file to confirm the accuracy of closure details.</p> <p>Review of system data highlighted cases where it appeared that collections had continued after accounts had been closed – for example one customer account closed in 2018 still showed collections in 2025. The Service noted that premises could change hands and the collection schedule remained live for the address whilst the previous owner's account was awaiting closure. However, the record remains under the previous owner's name. Whilst continuity of service is important to maintaining business relationships, this presents a risk. If customer details, liability and handover dates are not being recorded clearly, separately, and consistently on the system, there is an increased risk of incorrect billing, and of services being provided which will not be paid for.</p>		

Ref	Description	Risk Rating	Moderate
	<p>Internal customers (e.g. schools, offices, depots etc) are not charged directly in line with the current price list. The Service noted that some years ago budgets were moved to Trade Waste to reflect the cost of providing the service and remove the need to recharge internally. Where requirements change, an illustrative contract is issued to internal customers to show the value of the services provided. They are provided with WTN's annually or on request. At the time of testing (November 2025) WTN's had not been printed for 2025/26. The Service tracks the overall value of these collections (variable: estimated as £743k per annum over 169 premises in March 2025), but there have been no further formal adjustments to budgets to reflect changes. Records indicate internal customers typically have more waste bins and collections, and therefore a higher collection cost, than external customers. Whilst this may be reflective of their requirements, the volume of waste collected from each is not tracked, and there is no incentive for internal customers to review and reduce the level of service as there is no direct financial benefit.</p>		
	IA Recommended Mitigating Actions		
	<ul style="list-style-type: none"> a) The Service should develop and implement records management processes to ensure consistent documentation is being recorded in an accessible format for each customer and transaction. There should be a clear audit trail of all changes. As part of this, the Service should determine and apply consistent unique referencing for customers and premises to facilitate tracking between systems and records. b) Controls should be built in to the process to ensure only agreed changes take place – e.g. feedback loops to confirm changes back to source, and reconciliations to confirm all changes have been reported. c) The Service should periodically review the level of service required by internal customers, to ensure it continues to provide best value at a corporate level. 		
	Management Actions to Address Issues/Risks		
	<ul style="list-style-type: none"> a) <i>We have undertaken our own review of the audit sample and were able to source all but one record. However, recognising the importance of good record keeping, while at the same time being limited to existing systems until such time as we have the necessary development support, the team will review processes and consider where improvements can be made that are effective and proportionate to the risks.</i> b) <i>To support further improvements, we will consider what further steps we could take to supplement our current actions. This may include a new system of sampling.</i> <i>We will investigate the case where internal audit identified system records that indicated collections continuing following account closure, and take appropriate action as required. Where a new business occupies a premises, the previous business name may still be visible in Bartec, but only the designated Primary Payee can be billed. If no new business is present, invoices are only generated for scheduled collections; if collections stop, billing stops automatically. Therefore, any potential impact is limited.</i> c) <i>This highlights a corporate gap: the need for a dedicated resource (estimated 1 x FTE) to work with services and review internal waste (and not just the services we provide) and enforcement of Council policy and provision of guidance. The Waste Service does not have the capacity to cover this gap in resource, however, recognising the need to ensure best value for the council, a suggested improvement would be to include the internal customers in the sampling proposed above.</i> 		
	Risk Agreed	Person(s)	Due Date
	Yes	Waste & Recycling Manager	July 2026

Ref	Description	Risk Rating	Moderate
1.3	<p>Income, Reconciliations, and Debtors – Pricing is revised annually and entered manually to the collections system. The Service holds a separate price list for quick reference and providing quotes. Five price differences (4% of 121) were identified between the two sources, ranging from 7p more to £17 less on the list than on the system, and 27 prices (22%) were not included on the list. Prices are added to the system, rather than superseding them. Where there are variations, or opportunities to select an old, incorrect, or unused price option, there is a greater risk of incorrect charges, presenting a risk to income and a potential reputational risk if prices charged are different than quoted.</p> <p>From a sample of 12 external customers, invoices were generally being raised correctly in line with recorded agreements, prices, and records of ad-hoc collections or orders. However, as noted at 1.2 above, the variation in supporting records reduces assurance that all planned and chargeable activities are in line with what has been agreed. There is a risk that customers could be incorrectly charged, a cost of rework to correct, and reputational risk of inefficiency.</p> <p>A monthly interface is run to the Financial System to generate invoices. Whilst the final interface process is largely automated, steps leading up to generating the interface data are reliant on accurate completion of tasks to review and collate invoice data for chargeable services logged on the system. The Service logs these tasks as they are completed. Invoice runs are completed for a specified period, and any backdated adjustments would require manual intervention. Once run, the system records that invoices have been raised. The Collections system holds a running balance of charges it has calculated as due by customers, however this is not updated to record ad-hoc charges and does not reduce as payments are received. These tasks are completed through the debtors system, and there is no feedback loop. It is assumed that only collections set on the system will have taken place, and that all chargeable services planned on the system will be charged through the interface. Although there is a check at the point of processing that the total number and value of invoices passed to the financial system matches, there is no routine reconciliation between records of planned and completed collections and amounts invoiced. This presents a risk that all activity may not have been correctly charged.</p> <p>In general, regular invoices (those processed through the interface) have standardised descriptions, which aids in identifying and matching across the systems. Ad-hoc invoices, or those that could not pass through the interface, showed more variation – for example ‘Additional Lift requested’ and ‘For Premises’. There is a risk that income that is not well described could be incorrectly accounted for.</p> <p>As there is no routine internal process to check whether services have been charged correctly, there is reliance on customers to advise of potential errors. Reasons for credit notes processed by the Trade Waste team included: duplicate invoicing, incorrect volumes/frequencies, and missed collections. There were 58 credits raised in 2024/25, totalling £3,080.91. Whilst the value and numbers are relatively small (in the context of 1,093 invoices (5%) and £1.08m (0.3%) of income), the descriptions indicate avoidable issues, that may be indicative of weaknesses in the invoicing process. There is no equivalent control to detect any potential under-charging.</p> <p>Credits raised for 2025/26 to mid-July totalled £11,154.30 and included one for £9,795.71 due to invoices having been raised against the wrong debtor. This was effectively an aged debt for another debtor, which the Trade Waste team, in this example, was reliant on Service Income to identify. Whilst the Service has stated income recovery is discussed with Finance bi-monthly, it is not clear that in this case this has been fully effective. Although contracts state payments must be made within 28 days or collections will be suspended, this does not take place automatically. There is a written procedure for the Service to contact the customer, and to consider suspension of services, but this does not include specific thresholds for its application, presenting risks to consistency and proportionality of action.</p>		

Ref	Description	Risk Rating	Moderate
	IA Recommended Mitigating Actions		
	<ul style="list-style-type: none"> a) The Service should ensure it has a single complete source of price data, and that only current prices can be used on the system. b) Amounts invoiced/charged should be reconciled periodically against records of completed collection activity. c) Consideration should be given to development and use of standardised line descriptions for ad-hoc invoices. d) The Service should review the aged debtors process with Finance to ensure there is clarity over responsibilities and thresholds for action. This should be captured in updated written procedures. 		
	Management Actions to Address Issues/Risks		
	<ul style="list-style-type: none"> a) <i>We can see the benefit of reviewing our system (Bartec) price list to conduct housekeeping and to consider ways to introduce further protection against new prices being entered incorrectly. However, on price list variations and risks, we believe a quick reference version of the operational price list remains appropriate for officers and supports consistent and efficient application of current pricing.</i> b) <i>We bill our customers based on scheduled collections only. We will however look to implement a new sampling system to add extra protections.</i> c) <i>Options for improvement to standardising invoice descriptions will be considered.</i> d) <i>We will review our aged debtors procedure in collaboration with Finance to document an end to end process.</i> 		
	Risk Agreed	Person(s)	Due Date
	Yes	Waste & Recycling Manager; Finance Transactions Manager	July 2026

Ref	Description	Risk Rating	Moderate
1.4	<p>Budgets and Cost Allocation – The Service requires appropriate financial data to be able to make effective and informed decisions regarding changes to pricing and cost management. Financial information is reviewed by senior managers, but members of the Trade Waste team other than the Service Manager were not all familiar with the financial reports to recognise unusual trends or entries. Although budget monitoring is reviewed regularly with Finance, a budget adjustment of £180k had been made in the year between income lines. While the overall impact was zero, this had not been requested, discussed with or approved by the Service Manager.</p> <p>Underlying financial accounting records need to be accurate to support appropriate management of resources. While there are detailed income records and budgets, and expenditure is generally being managed appropriately, costs relating to the trade waste service are not separately recorded from other activities. Charges for fuel, fleet recharges, waste disposal, electricity, gate fees, software support and contract overheads are reviewed as part of the overall waste service regular accounting reports. There is no formal apportionment of costs between domestic and trade collection activities. Without this data, there is less assurance that the service is being managed within budget and adequately</p>		

Ref	Description	Risk Rating	Moderate
	<p>recovering its costs. Managing the budget against a net income target alone does not fully take account of the variable expenditure and overheads incurred in delivery of the service.</p> <p>However, the cost of the trade waste service is estimated annually through a desktop exercise in which the Waste Manager calculates and documents assumptions on what it would cost as a standalone service. Whilst relatively comprehensive, some of the supporting data is out of date e.g. fleet and fuel costs are based on 2022 data and RAC estimates, with factors added for inflation. Overheads have also been estimated for staff costs but were excluded from the overall cost calculation. The Service uses this data, along with projected income on several scenario bases, to set annual trade waste prices. Calculations may benefit from independent review (e.g. by Finance) or wider consultation (e.g. with Fleet) to improve accuracy and completeness.</p>		
	IA Recommended Mitigating Actions		
	<p>a) The Service should consider more formal apportionment of costs and income across its component services.</p> <p>b) Costings for price setting should be subject to independent review. Consideration should be given to wider consultation to inform cost estimates.</p>		
	Management Actions to Address Issues/Risks		
	<p>a) <i>The Service has given consideration to reviewing the apportionment of costs and income across its component services. Whilst the principle is sound, and support has been offered by Finance, the actual benefits are not clear to the Service. Domestic and trade collections are combined to increase efficiency of services. Any proportioning would be a desktop exercise that is unlikely to be any more accurate than the existing method. Also, whilst it is necessary for the TW team to have an understanding of costs to ensure that prices are set correctly, they do not manage the collection team and therefore cannot influence the costs, other than by negotiating with the customer.</i></p> <p>b) <i>Although we will continue with the current cost model, for additional assurance we will ask our Finance partner to review costings on an annual basis.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Waste & Recycling Manager; Finance Business Partner	July 2026

Ref	Description	Risk Rating	Minor
1.5	<p>Performance Information – The Service uses supplementary information held in spreadsheets to review key performance data, including tracking and forecasting income, as this is not available direct from the collections system due to potential anomalies; work is still ongoing to improve the accuracy of customer records since accounts were temporarily paused and then re-started following the COVID-19 pandemic (2020-2022). The System therefore potentially over-states current customer numbers. Until this exercise is completed, there remains a risk that customer records, and charges, may be inaccurate compared with physical collections. Recommendations have been made above to address this point.</p> <p>Periodically, exercises are undertaken to identify businesses that may be non-compliant with waste regulations (i.e. those using domestic waste collections illegally), with a view to improving compliance and potentially generating new business for the Service. Whilst data is</p>		

Ref	Description	Risk Rating	Minor
	<p>available on the number of contacts, this is not linked up to records of quotes provided and taken up as a direct result.</p> <p>The Service does not currently monitor or report on sales leads and take-up rates, there is limited benchmarking, and it does not routinely undertake analysis of the market and competition for trade waste collections – though the team has broad experience within the industry. Although the budget is monitored regularly to review whether income targets are being met, there is no specific analysis to review any potential impact of price changes on repeat business.</p> <p>There is a risk that without clear activity data and analysis, the council may not have a good benchmark from which to compare income and cost of servicing customers relative to suitable comparators. As noted above the variety of systems and records impact on the quality and consistency of available data. If this can be improved options for more automated data collection and reporting would help provide more useful management information going forward.</p>		
IA Recommended Mitigating Actions			
The Service should review its performance information requirements, and determine efficient methods for data collection and reporting, to inform management action.			
Management Actions to Address Issues/Risks			
<i>We will review our performance information requirements and consider whether assistance is required from support services e.g. Data and Insights team.</i>			
Risk Agreed		Person(s)	Due Date
Yes		Waste & Recycling Manager	July 2026

Ref	Description	Risk Rating	Minor
1.6	<p>Asset Management – The Service provides bins/receptacles for waste that are suitable for collection, as an integral part of the Trade Waste Service. The Service does not have detailed records of the level and value of stock directly held for distribution, it does not hold or routinely review records of its bins held by customers, and it does not track movements beyond the issue of job tickets to deliver or collect bins. There is no subsequent confirmation of delivery or return to stock.</p> <p>Bins vary in price depending on size, from around £20 to £370. This is below the Council's threshold in the Financial Regulations for recording individual items in an inventory (£1,000). The Service spends around £26k on new/replacement bins each year. The number of bins with customers could be determined from the collections system, but this is not routinely reported on and valued.</p> <p>Trade waste contracts highlight that customers are responsible for bins whilst in their care. A charge can be made for loss or damage, but this was not observed in the accounting records or procedure paperwork. There is no data to track whether bins are being looked after and retained in line with their expected useful lifespan. Without detailed records of stock and stock movement, and clear supporting processes, there is a greater risk of items being lost or damaged and costs not being recovered.</p>		
IA Recommended Mitigating Actions			
Bin stocks and stock movements should be recorded and periodically reconciled to system records.			

Ref	Description	Risk Rating	Minor
	Management Actions to Address Issues/Risks		
	<p><i>We will consider ways to incorporate bin value into our stock sheets.</i></p> <p><i>Beyond that we are unclear as to the benefits versus effort. Our stock sheets are updated weekly, stock checks are conducted quarterly, our customers are expected (and incentivised) to report changes in their bin numbers, and our crews are expected to report such irregularities also.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Waste & Recycling Manager	July 2026

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the function level and the potential to impact across a range of clusters. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Chief Officers.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	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.	Substantial
Moderate	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.	Reasonable
Major	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.	Limited
Severe	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.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

Under the Environmental Protection Act 1990, local authorities have a statutory obligation to collect commercial waste if requested to do so. Businesses or charities, including those run from home, have a legal responsibility under the Waste (Scotland) Regulations 2012, to store, transport, recycle and dispose of their waste in a way that does not harm the environment, and have appropriate business waste collection/disposal in place with a licenced waste contractor.

The Council provides waste and recycling collection services for businesses in the City. The collections provided include mixed recycling for paper, cardboard, glass, plastic containers and metal tin cans; food waste recycling; garden waste recycling; general waste and collections for bulky items. The types of waste are similar to those households would generate, and the same refuse collection vehicles are used. Customers contact the council via the Aberdeen City Council website, contact centre, or email to make a service request. Some customers may be visited by trade waste, waste and recycling officers or the waste compliance team to discuss the disposal of their waste. If they are a customer who the Council can serve, a contract is generated and charges appropriate to the waste collection required are applied.

Waste Transfer Notes (WTN) must be used if a collection service is in place to ensure there is a clear audit trail for managing waste legally. WTN's must be kept for at least 2 years and produced if SEPA or the Council requests. If the Council finds a business acted in a way that did not meet commercial waste regulation requirements, a fixed penalty notice of up to £500 could be issued.

The Council's contractor for waste management is SUEZ (formerly SITA). The contract originally ran from 2000 to 2025 and has since been extended to 2029. There is also a 20 year contract with Acciona which commenced in 2022 to incinerate non-recyclable waste.

The cost of the 2025/26 Waste Services budget as at August 2025 is £21.2m, of which the commercial waste income budget is £1.1m. The actual outturn for 2024/25 for Waste Services was £23.9m, of which commercial waste income contributed £1.1m. The Council receives income from scheduled and ad hoc collections, the lease and sale of bins, compostable bin liners and miscellaneous charges such as from work to secure bins. The main expenses allocated to the commercial waste cost code are staffing, marketing, purchasing bins and liners.

5.2 Rationale for review

The objective of this audit is to consider whether adequate control is in place covering trade waste income and expenditure, that appropriate agreements are in place and that accounting arrangements are robust.

In addition to the Council's statutory obligations, the trade waste service represents a key commercial activity, generating income through the provision of waste collection services to businesses. Given its financial and operational significance, it is essential to ensure that adequate controls are in place.

Controls over income collection, expenditure, and service delivery must be robust to prevent financial loss, ensure compliance with internal policies, and maintain service quality. Weaknesses in control could lead to undercharging, unrecorded income, or inappropriate spending.

Formal agreements with customers and suppliers should clearly define service terms, pricing, responsibilities, and termination clauses. This ensures legal protection, transparency, and consistency in service provision. The absence of proper agreements may expose the council to disputes or loss of income.

Accurate and timely accounting is critical for financial reporting, performance monitoring, and decision-making. Ensuring relevant costs and income are included is important so that the service can demonstrate it is efficiently run to best effect and maximises cost recovery. This includes correct invoicing, reconciliation of income, and allocation of expenditure. Weak accounting practices could result in misstatements or budget over-spends.

The last audit report for the area was AC1608 from January 2016. Previous recommendations were to review billing and charges, improve reconciliations, review ways to attract and retain customers and deliver financial management information requirements. In addition, a new Waste Management System was to be put in place and improvements in income collection for full recovery and management information were anticipated.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Cluster** level
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Income – including charges, invoicing, income collection, and reconciliations.
- Expenditure – including cost control, procurement, payments, recovery and reconciliations.
- Agreements – including contract management, formal written agreements, and waste transfer notes.
- Accounting – including financial management information and financial regulations.

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

This review will also encompass an evaluation of the governance, risk management and controls in place to detect, prevent, and mitigate instances of fraud. Considerations will also be given to ensure the achievement of Best Value across operations.

Due to hybrid working practices, this review will primarily be undertaken remotely via electronic meetings and direct access to systems and data, with face to face contact and site visits to premises to obtain and review further records as appropriate.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Heulwen Beecroft (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Gale Beattie, Executive Director City Regeneration & Environment
- Mark Reilly, Chief Officer - Operations
- Kristine Hultman, Acting Waste & Recycling Manager (**process owner**)

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- Stuart Youngson, Acting Team Leader Waste & Recycling
 - Laura Todd, Acting Trade Waste Officer

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	01-Sep-25
Scope agreed	05-Sep-25
Fieldwork commences	12-Sep-25
Fieldwork completed	17-Oct-25
Draft report issued	07-Nov-25
Process owner response	28-Nov-25
Director response	05-Dec-25
Final report issued	12-Dec-25