

## **ENTRUST Compliance Inspections**

### **What to Expect**

#### **What is ENTRUST and why do we carry out Compliance Inspections?**

ENTRUST is appointed by HM Revenue & Customs (HMRC) under the Landfill Tax Regulations 1996 (Regulations) to regulate the Landfill Communities Fund (LCF). The Regulations set out the statutory requirements of Environmental Bodies (EBs) and ENTRUST.

We must satisfy ourselves that EBs fully comply with the Regulations by independently inspecting the activities of EBs. We carry out an annual schedule of risk-based compliance inspections of EBs and completed projects which are identified through our EB and Project risk models and prioritised according to the EB or project's level of risk.

#### **Compliance Inspection Process**

It is our aim to minimise the administrative burden that a Compliance inspection places on your organisation and we have therefore structured our procedures accordingly. One of our team of Inspectors will contact you to arrange a convenient date and time for the inspection and explain what form the inspection will take.

Now that Covid-19 restrictions are easing and if agreeable with the EB, we would generally prefer to conduct the review at the EB premises. However, some reviews will be carried out as Desk Top Reviews (DTR) - this means we will hold a telephone or virtual discussion with you and require you to provide relevant supporting documentary evidence to us. Initial contact for all reviews will be via email or telephone to agree a convenient date for the review and to explain what documentation we require in advance.

We carry out two basic forms of EB inspection; the most common type is a Project Compliance (PC) inspection which is primarily focussed on your projects and the basic governance arrangements within your EB.

The second type is a more detailed Control Framework Inspection (CFI) which covers a more in-depth scope of your EB's governance and management arrangements in addition to looking at a sample of project files.

We also carry out physical inspections of completed projects which can be done independently of the funding EBs. We will however, request evidence of expenditure on these projects and possibly contact details of project holders so that we can arrange the visits.

#### **Who do ENTRUST need to see during the Inspection and where?**

Our inspections cover an EB's management procedures, financial records and specific project records and so we will need to speak to people with knowledge of each of these areas. Alternatively, we can speak to another person who has the authority to discuss these details. Please see the attached appendices which detail the general areas and documentation to be covered by our inspections.

As well as inspecting your project documentation, we may also request evidence of one or a sample of your completed projects to verify that the projects have been delivered according to our original approval and they remain in compliant use. We will notify you in advance on which projects we may wish you to supply more information.

## Feedback

At the end of the inspection the Inspector will discuss our initial findings with you before writing a Draft Compliance Report. The Compliance Manager will review the report and inspection file before the report is issued to you. The Draft Report will detail any breaches of the Regulations or control weaknesses and include recommendations for improvement with suggested timescales for introducing changes. You will be invited to provide your management responses to our findings within 28 days of receipt of the Draft Report. In cases where serious non-compliant issues are identified, we may require responses in a shorter time-frame. Your responses and proposed actions will then be reviewed by ENTRUST and if these are agreed, a final report will be issued incorporating your responses and timescales for implementation of agreed improvements.

A short satisfaction questionnaire is issued with each draft report which invites comments on our inspection process. We encourage you to complete this as your feedback helps us to continually improve the way we work.

### Project Inspection Checklist

ACTION	Y	N	N/A
All Annual Returns (Form 4s), including the current financial year have been submitted and reconciled			
Closing year-end balance of LCF funds can be confirmed to bank records			
If you received contributions direct from a Landfill Operator; have you completed and submitted a Form 3 to inform ENTRUST of the contribution and are the forms reconciled			
If you get contributions from various Landfill Operators do you maintain records of which LO made each contribution			
If the Distributive Environmental Body or Landfill Operator requires you to make a Contributing Third-Party payment to release the funding, does the EB maintain records of the individual or group who made the CTP payments			
EB maintains records of transfers (made and received)			
If the EB transfers funds to another EB, has the EB completed and submitted a Form 7 to inform ENTRUST of the transfer and are the forms reconciled			
Project files are maintained according to the <a href="#">Project File Checklist</a> at Section 5.1 of the EB Guidance Manual, which includes ensuring meetings are formally documented			
Expenditure can be validated to quotes and project invoices or EB administration costs			
EB maintains a register of LCF funded assets			
EB has notified ENTRUST of changes to Directors/Trustees			
EB has notified ENTRUST to changes of its Memorandums/Articles			
EB has an agreement in place with Funder and has abided by any conditions			
At project completion the EB has completed or updated a Form 9			

### Questions for Inspector

### Control Framework Inspection Checklist

In addition to above

ACTION	Y	N	N/A
EB has Financial Regulations/Standing Orders or ToR and these are updated regularly			
EB Corporate Governance documents are inspected/updated regularly			
EB undertakes a yearly update of Conflict of Interests register and this is an agenda item for meetings			
Board/Committee meetings are documented			
Business Plan objectives for the coming year are consistent with EBs aims detailed in governing documents?			
EB has an induction process for all new starters (staff and Board members) including awareness of LCF regulations for appropriate staff			
Skills of the Board are identified and monitored			
All key polices are in place and are reviewed and updated on a regular basis			
An organisational structure chart is available			
Management performance reports include LCF activity			
EB has an adequate procedure for backing up IT systems and ensure access controls are in place			
EB has a Risk Register that is reviewed and updated regularly and includes LCF risks			
EB has a Business Continuity/Disaster Recovery Policy			

### Questions for Inspector

**If you have any questions in advance of the inspection, please contact your Compliance Inspector directly or the Compliance team on 01926 488 300**