



## **ENTRUST compliance inspections**

### **What to expect**

#### **Who are ENTRUST?**

We are 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.

#### **Why do ENTRUST carry out compliance inspections?**

We must satisfy ourselves that EBs fully comply with the Regulations by independently reviewing the activities of EBs.

We carry out an annual schedule of risk based compliance reviews which are identified through our risk model and prioritised according to the EB's level of risk.

The majority of inspections are routine compliance reviews and are nothing to be concerned about.

#### **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. We aim to make the initial contact around six weeks prior to the inspection to try to minimise the level of disruption to you and your EB.

The scope and length of the inspection will depend on the size of your organisation, the level of LCF funding you have received and the nature of the projects you have completed. For a small EB the visit may only take up to half a day while for the very large EBs we may need to visit over two days.

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

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

When we contact you, the inspector will explain the type of inspection we wish to carry out and outline what projects and documentation we intend to review at the visit. Checklists of the key areas reviewed at each type of inspection are attached at Appendix A and Appendix B to assist in your preparation for a compliance inspection. The initial contact will also give you the chance to ask any questions you may have. The inspector will then confirm the details of the visit to you in an email or letter.

For smaller EBs or single projects where it is not cost-effective to visit, we may carry out the Project Compliance review as a desk top review instead. In these cases we will hold a telephone discussion with you and ask you to provide relevant supporting documentary evidence to us by email or post.

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

Our compliance reviews cover an EBs management procedures, financial records and specific project records, 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.

Most visits are conducted at the main contact address provided by your EB. The venue will be confirmed by the inspector at the initial contact. If the visit is arranged away from where you keep your records, you will need to ensure that all the required documentation is available for the inspector on the day of the visit. As well as reviewing your project documentation, we will also need to visit one or more of your project sites to check that the projects have been delivered according to our original approval and they remain in compliant use. We will notify you in advance of which projects we wish to visit.

## **Feedback**

At the end of the visit the inspector will discuss our initial findings with you on the day and then will write a draft compliance report. The Compliance Manager will review the draft report and inspection file to ensure quality and consistency of our work. The management review may result in additional findings being raised. If these are significant or non-compliant findings then the inspector will contact you to make you aware of the issues before the draft report is issued to you.

The draft report will detail any recommendations for improvement with suggested timescales for introducing changes. You will be asked to provide your management responses to our findings within 28 days of receipt of the draft report. A final report will then be issued incorporating your responses and timescales for implementation of agreed improvements.

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

**If you have any questions in advance of the inspection please contact your Compliance inspector on 01926 488 300; or our Compliance Manager on 01926 488 309.**

## Project Inspection Checklist:

ACTION	Y	N	N/A
All Annual Returns, including the current financial year, have been submitted and reconciled.			
Closing yearend balance of LCF funds as at 31 March can be confirmed to bank records			
If you receive contributions direct from a Landfill Operator have you informed ENTRUST of receipt of the contribution?			
If you receive 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 do you maintain records of the individuals or groups who made the CTP payments?			
Do you maintain records of transfers made to and received from other EBs?			
If you transfer funds to other EBs have you informed ENTRUST of the transfers?			
Expenditure can be validated to project invoices and EB administration costs can be justified and supported by invoices.			
A register of LCF funded assets is maintained and assets are monitored as per current ENTRUST guidance			
Changes to Directors / Trustees have been notified to ENTRUST			
Changes to Memorandum & Articles have been notified to ENTRUST			
EB has a funding agreement in place with each Funder and has abided by any conditions			
At project completion has a Form 9 project completion form been submitted for each project?			
<b>Questions for Inspector</b>			

## Control Framework Inspection Checklist:

ACTION	Y	N	N/A
EB has Financial Regulations / Standing Orders of ToR and these are updated regularly			
EB Corporate Governance documents are reviewed / 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 and are quorate			
EB Strategy Document included details of Business Plans and Objectives and this is updated as required			
EB undertakes reviews of Annual budget forecasts and updates as required and these decisions are documented			
EB has an induction process for all new starters which covers LCF requirements			
All key policies are in place and are reviewed and updated on a regular basis			
EB has a Schedule of Delegated Authority for all financial transactions			
EB has an adequate procedure for backing up IT systems			
EB has a Risk Register that is reviewed and updated regularly			
EB has a Business Continuity / Disaster Recovery Policy			
<b>Questions for Inspector</b>			