

Merseyside Recycling and Waste Authority**29th June 2012****Internal Audit Plan 2012/13**1.0 Objective

1.1 To seek Authority approval to the proposed internal audit plan 2012/13.

2.0 Background

2.1 The responsibility to maintain an adequate and effective system of internal audit of the Authority's system of internal control, in accordance with proper internal audit practices, rests with the Director of Finance of MRWA under Section 73 of the Local Government Act 1985 and the requirements of the Accounts and Audit Regulations 2003 (amended 2006).

2.2 Internal Audit is provided via an annual Service Level Agreement (SLA) and in broad terms will require the MRWA to:-

- Approve the internal audit plan;
- Consider Internal Audit's Annual Report;
- Review its control, risk and governance environment annually in preparing its Annual Governance Statement.

2.3 In addition, officers of the MRWA to:-

- Consider and agree internal audit reports prior to publication;
- Present published audit reports to the MRWA and take appropriate action to ensure agreed actions arising are implemented;
- Notify Internal Audit promptly of any material change in the risks facing the MRWA;
- Agree variations to the audit plan during its currency to allow internal audit to respond to changing risks.

2.4 Internal Audit will support the MRWA and its staff in the delivery of their objectives and help ensure that resources are safeguarded from fraud bribery and corruption. It will meet its responsibilities by:-

- Providing an independent opinion on the effectiveness of the MRWA's financial, operational, risk management, governance and control framework;

- Conducting risk based reviews of internal systems within the MRWA, reporting to Managers on their effectiveness and make recommendations for improvement where appropriate;
 - Advising on the adequacy and effectiveness of controls in new and developing systems where requested;
 - Advising on the prevention and detection of fraud and investigate where suspected fraud or irregularity where requested.
- 2.5 Our internal audit plan will be informed by professional standards necessary to ensure an effective internal audit service.
- 2.6 These requirements are specified within:
- The Code of Practice for Internal Audit in Local Government in the UK 2006 and,
 - CIPFA guidance detailing proper practice and arrangements in order to inform the Annual Governance Statement (AGS) in the context of the Accounts and Audit Regulations 2003 as amended 2006.
- 2.7 The audit planning process was informed by discussion of audit needs based on assessment of risk in conjunction with the Director of Finance. Risk factors included budgetary information and inherent corporate and reputational risk factors.
- 2.8 Coverage will support the Director of Finance in preparing his annual opinion and report to the Authority as to the effectiveness of its control, risk and governance environment and the Authority's Annual Governance Statement.
- 3.0 Proposed Audit Plan 2012/13
- 3.1 An outline of our proposed work is detailed below and, in accordance with our proposed SLA, we will provide 50 audit days.
- 3.2 A key objective of Internal Audit's work is to provide MRWA management with independent assurance as to the effectiveness of the control, risk and governance environment within their respective areas of responsibility.
- 3.3 The plan provides a balanced approach to the review of the control risk and governance environment and includes reviews of :-
- **Waste Prevention Programme**
A review of the resourcing and control arrangements, and the effectiveness of the strategy in delivering clear, measured objectives.
 - **Waste Contract**
A review of the effectiveness of the control environment, including testing of transactions.

- **Capital Expenditure**

To review adherence to Financial Procedure Rules in respect of expenditure incurred.

- **Recycling Credits**

To review the control arrangements for expenditure.

- **Resource Recovery Contract**

To review the procurement and tendering arrangements.

3.4 Our work in relation to the RRC may require an increase to our current Service Level Agreement of 50 days audit resource and we will discuss and agree the likely level of this increase with the Director of Finance early in the first quarter of the financial year.

4.0 Reporting Arrangements

4.1 Internal Audit will, on the completion of audit work, provide draft reports to the Director of Finance for consideration and review as part of a drafting process prior to publication.

4.2 On publication, reports will be forwarded to the Clerk to the Authority for inclusion within the Authority's scheduled meetings.

4.3 Internal Audit will attend and present the report responding to any questions Members may have.

END

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