



St. Helens Council

Internal Audit Report 2014/15

Merseyside Recycling and Waste Authority Community Fund

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St. Helens Council

Merseyside Recycling and Waste Authority Community Fund

1.1 Introduction

Merseyside Recycling and Waste Authority (MRWA) has entered into a Service Level Agreement (SLA) for St Helens Council to provide its annual Internal Audit coverage for the period April 2014 to March 2015.

The agreed Audit Plan includes a review of the Authority's Community Fund to provide an assessment of the adequacy of the control environment established, to ensure that objectives are achieved and risks are adequately managed.

1.2 Scope

The review considered the following: -

- Governance of the fund and initial funding criteria.
- The application process, including the scoring of applicants against agreed criteria.
- The approval process, and the appropriateness and timeliness of payments made.
- The ongoing monitoring of the fund's successful applicants.

1.3 Background

Context

The Merseyside Recycling and Waste Authority and Veolia Environmental Services Community Fund for 2013/14 is a waste initiative that covers the whole of the Merseyside and Halton area. Successful applicants to the Fund have a remit to deliver activities that are designed to have a direct impact on the amount of waste sent to landfill.

Organisations that apply to the Fund must be either a registered charity, a not-for-profit organisation, or a community, neighbourhood, or voluntary group. There were 22 applicants for funding in 2013/14, 16 of which met the criteria and were successful.

Budget

The total amount awarded from the Community Fund in 2013/14 was £235,986.75.

1.4 Audit Opinion

Internal Audit contribute to the overall governance of the Council by providing an opinion on how effectively risks are being managed and the adequacy and effectiveness of internal control in relation to the areas under review.

Our opinion is based on the work performed as described in the above scope, which was agreed with management prior to the commencement of the review.

Our overall opinion, following this review is as follows:

Substantial Assurance The majority of expected controls are in place but there is some inconsistency in their application. Whilst there is basically a sound system of controls, there may be weaknesses in the design and/or operation of these and recommendations have been made to enhance the control environment further.

1.5 Key Issues

There are no key issues arising from this review.

1.6 Agreed Action

Actions to address the recommendations made in this report are included in the attached Action Plan, which has been agreed with the relevant Managers.

Control Objectives 2

Merseyside Recycling and Waste Authority

Community Fund

To gain assurance that the following control objectives are being achieved within an appropriate framework of control:

1. Governance arrangements are in place and operating effectively.
2. Monitoring arrangements are in place to ensure that agreed outcomes and outputs are achieved.
3. Payments made have been properly approved, authorised and adhere to the criteria set.

Findings & Conclusions 3

Findings

3.1 Control Objective: Governance arrangements are in place and operating effectively.

We established that all expected controls under review were in place and working effectively.

An up-to-date Community Fund Policy Framework and procedures was found to be in place, and this included funding criteria, specific grant conditions relating to monies received and detail with regard to the approval process. Adequate evidence is gathered to ensure compliance with these conditions. Signed funding agreements were found to be in place for all successful applicants.

No recommendations have been made.

3.2 Control Objective: Monitoring arrangements are in place to ensure that agreed outcomes and outputs are achieved.

We established that all expected controls under review were in place and working effectively.

Monitoring procedures are in place, and monitoring occurs on a timely basis. A project progress document is in place and regular visits and contacts are made to successful organisations to ensure that projects have commenced and are progressing as expected. Monitoring reports are produced and presented at Fund meetings on a regular basis, and the MRWA website contains a section for the Community Fund that indicates the organisations that were granted funding, and how the money is being spent.

No recommendations have been made.

3.3 Control Objective: Payments made have been properly approved, authorised and adhere to the criteria set.

We established that four out of six expected controls under review were in place and working effectively.

However, weaknesses in the design or operation of two controls were identified, and recommendations have been made to enhance the control environment in these areas, as detailed below:

3.3.1 Timeliness

All applications should be responded to in a timely manner, and payments should be made on an appropriate and timely basis.

The criteria for the Community Fund were only determined after budget approval was granted for 2013/14, and the deadline for applications was the 1st July 2013. However, applicants were only informed that grant applications had been successful at the end of September and payment was issued after this date. A number of applicants were unable to commence projects until they had received grant funding, thereby causing a number of delays.

The risk here is that late payment of applications for funding may cause unnecessary delays in the completion of agreed projects

Recommendations *Criteria for the Community Fund should be determined prior to budget approval, and application forms should be sent out as soon as possible after budget approval has been granted.*

Payments should be made to successful applicants on a timely basis to ensure minimum of delay to the commencement of a project.

3.3.2 Insurance Details

The application form states that, "Applicants must provide bank account details for the Organisation on headed paper together with copies of insurance cover and other supporting information and returned with the signed acceptance of the funding offer letter".

While it was clear that bank account details had been received for all organisations we could not locate insurance details for any of the successful applicants.

The risk is that successful applicants could be completing tasks for MRWA that they are not insured to perform.

Recommendation Insurance details should be obtained from all successful applicants prior to the issuing of funding.

Conclusions

Internal Audit contribute to the overall governance of the Council by providing an opinion on how effectively risks are being managed and the adequacy and effectiveness of internal control in relations to the areas under review. Our opinion is based on the findings of the work performed as described above.

Our overall opinion, following this review is as follows;

High Assurance All expected controls are in place and being applied consistently and effectively and there is a sound system of control designed to ensure the achievement of the service or system's business objectives.

Substantial Assurance	✓ The majority of expected controls are in place but there is some inconsistency in their application. Whilst there is basically a sound system of controls, there may be weaknesses in the design and/or operation of these and recommendations have been made to enhance the control environment further.
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Limited Assurance A number of expected controls do not exist or are not applied consistently or effectively. There are weaknesses in the design or operation of controls that could impact upon achievement of the service or system's business objectives and these may have resulted in the emergence of key issues.

Minimal Assurance A significant number of expected controls are not in place or there are significant weaknesses in the control system that may put the service or system's business objectives at risk. A number of recommendations have been made and / or key issues identified.

Actions to address the recommendations made during this review are included in the Action Plan attached at Section 4 of this Report.

**Merseyside Recycling and Waste Authority
Community Fund**

Action Plan 4

REC NO.	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION AND PROPOSED DATE OF IMPLEMENTATION	ACTUAL DATE OF IMPLEMENTATION
1	Criteria for the Community Fund should be determined prior to budget approval, and application forms should be sent out as soon as possible after budget approval has been granted.	Waste Strategy Manager	Agreed. To be completed by November 2014 and reported to the Authority.	
2	Payments should be made to successful applicants on a timely basis to ensure minimum of delay to the commencement of a project.	Waste Strategy Manager	Agreed. To be implemented May 2015.	
3	Insurance details should be obtained from all successful applicants prior to the issuing of funding.	Waste Strategy Manager	Agreed. To be implemented March/April 2015.	