



St. Helens Council

Internal Audit Report 2014/15

Merseyside Recycling & Waste Authority Site Management

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St. Helens Council

Merseyside Recycling & Waste Authority (MRWA)

Site Management

Introduction

An audit review of Site Management was undertaken as part of the 2014/15 Internal Audit Plan. The purpose of the Audit was to provide an assessment of the adequacy of the control environment established, to ensure that objectives are achieved and risks are adequately managed.

Scope

The review considered the adequacy of controls in place with regard to systems for Site Management within the Authority. This included adherence to Health and Safety policies and procedures when on site, expenditure/contract monitoring of maintenance work on closed landfill sites and asset control.

The environmental monitoring element of site management has not been included in this review. A separate audit review will be undertaken as part of the 14/15 Audit Plan.

Background

Context

Once a site has reached the end of its useful life and taken all the waste it is permitted to hold, the site is then closed. The operator of the site then has a responsibility to restore the site in a way that is deemed suitable to the local planning authority.

Once a closed site has been deemed safe, the Authority will look to restore the site to the agreed terms / conditions laid down by the local planning authority. There are seven closed landfill sites for which MRWA has responsibility for site management, including for example, landscaping, site drainage, utilities, etc.

Budget

The total budget for the service (2014/15) is £333,000 which is split over the seven closed landfill sites.

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.

Merseyside Recycling & Waste Authority

Site Management

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

1. All payments made are in respect of appropriate goods and services rendered, and these have been properly requisitioned and ordered.
2. Assets are accounted for and safeguarded from losses of any kind.
3. Proper arrangements are in place with regard to health & safety.
4. A robust monitoring and quality assurance process is in place.

Findings & Conclusions 3

Findings

3.1 **Control Objective: All payments made are in respect of appropriate goods and services rendered, and these have been properly requisitioned and ordered.**

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

However, weakness in the design or operation of one control was identified, and a recommendation has been made to enhance the control environment in this area, as detailed below:

3.1.1 **Value For Money** When purchasing equipment/services the Team need to demonstrate that they have considered value for money.

The review has identified that the Team have changed a number of pumps at the closed landfill sites over the last twelve months, but have not fully documented the value for money exercise which was undertaken. Although we are satisfied with the reasons for changing the pump make, there is no formal document to outline price comparisons.

It is important that value for money is evidenced to satisfy any external bodies that cost was considered during the review process.

Recommendation *When equipment is purchased, evidence of the value for money exercise should be retained.*

3.2 **Control Objective: Assets are accounted for and safeguarded from losses of any kind.**

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

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

3.2.1 **Asset Register** An up to date Asset Register should be maintained and new assets should be added or write offs authorised and deleted.

The review has confirmed that an Asset Register is in place however a review of the records confirmed that there were a number of sites where details had not been completed yet.

We noted that there were details of the assets within the operational manuals contained within the Authority's ISO 14001 EMS System and detailed drawings of the installed infrastructure. The Asset Register will provide an easy reference summary of all component parts included in the detailed drawings.

The Waste Facilities Manager is now compiling the an Asset Register

which is currently a work in progress and he envisages that it will be completed in approximately 18 months. The reason being that the Team are producing maps of the site and labelling the equipment on site with a unique identification number.

Currently there are a number of sites where there are no records of equipment held on site and therefore if the site was broken into, the Team would not be able to provide the police/insurance company with a detailed breakdown of equipment.

Recommendation ***The Asset Register should be completed in full.***

**3.2.2 Additions/
Deletions**

Whenever, the Team purchase a new item / dispose of an item, the Asset Register should be updated to confirm the addition / deletion details.

At present this is not being done because the Team are in the process of setting up an Excel spreadsheet to record all items at each of the closed landfill sites. It is envisaged that once this spreadsheet is completed, the Team will look at updating the register every time an installation is updated.

However, at the time of the review, the Waste Facilities Manager informed Audit the detailed drawings are updated to show new equipment installed and the old equipment removed from the drawing. They also have access to the Authority's electronic procurement orders register, which records all new purchases.

An item of equipment could potentially be off the register, if the register is only periodically updated.

Recommendation ***The Asset Register should be updated every time an item is purchased / disposed of.***

3.2.3 Annual Check

On an annual basis, the Waste Facilities Manager should sample check the Asset Register and verify that the items checked are still on site.

The Asset Register currently being compiled provides a complete list of stock spares kept in store. A periodic check is carried out of the stock spares by individual officers from the Waste Facilities Section tasked with carrying out this duty. However, the Waste Facilities Manager is not carrying out the annual inspection of all assets due to the register not being complete. It is his intention to introduce these checks once the register has been completed.

We consider the absence of the annual certification by the Waste Facilities Manager could result in the records not being accurate and the risk of misappropriation.

Recommendation ***The Waste Facilities Manager should undertake a review of the part completed Asset Register and to then undertake the review annually thereafter.***

3.3 Control Objective: Proper arrangements are in place with regard to health & safety.

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

No recommendations have been made.

3.4 Control Objective: A robust monitoring and quality assurance process is in place.

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

No recommendations have been made.

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.

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 & Waste Authority
Site Management

Action Plan 4

REC NO.	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION AND PROPOSED DATE OF IMPLEMENTATION	ACTUAL DATE OF IMPLEMENTATION
1	When equipment is purchased, evidence of the value for money exercise should be maintained.	Waste Facilities Manager	Implemented	
2	The Asset Register should be completed in full.	Assistant Waste Facilities Manager	Due to the complexity of the Asset Registers / detailed drawings, the team anticipate that a Register for each of the closed Landfill sites will not be completed until 31 st March 2016	
3	The Asset Register should be updated every time an item is purchased / disposed of.	Assistant Waste Facilities Manager	This will now be an ongoing from 1 st January 2015.	
4	The Waste Facilities Manager should undertake a review of the part completed Asset Register and to then undertake the review annually thereafter.	Waste Facilities Manager	31 st March 2015	