

INTERNAL AUDIT - HWRC REVIEW
WDA/29/17

Recommendation

That Members:

1. Note the contents of the report from the Internal Auditor; and
2. Approve the Authority's response to the Key Issues identified by the Auditor in the action plan to their report (at Appendix 1).

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INTERNAL AUDIT - HWRC REVIEW**WDA/29/17****Report of the Treasurer****1. Purpose of the Report**

- 1.1 The Authority is required to maintain an effective Internal Audit as a part of its statutory governance arrangements. The Authority's Internal Audit is provided by St Helens Council. The Auditor reviews the arrangements at the Authority and reports to Members on any weaknesses and recommends improvements. This report brings to Members attentions the outcome of the latest review.

2. Background

- 2.1 The agreed audit plan for the year included a review of the Authority's arrangements for the management of Household Waste Recycling Centres (HWRCs).
- 2.2 The review considered the Authority's arrangements for:
- contract monitoring;
 - gatekeeping for the Permit Scheme;
 - Trade Waste; and
 - Performance Monitoring.
- 2.3 The audit also included observing a sample of HWRCs to provide a view of the adequacy of the access control arrangements.
- 2.4 The Auditor's detailed report is attached at Appendix 1 to this report.
- 2.5 The Auditor concluded that in their overall opinion substantial assurance could be taken from the system and the way it was operated. This means that:

"The majority 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.”

2.6 The Auditor identified two areas where there are Key Issues to draw to the attention of Members; these are

- **Access Control Arrangements** – where the Auditor’s observation suggests that they believe there are potential weaknesses with the way the permit scheme is being applied in practice and that they believe there may be a larger number of commercial vehicles accessing HWRCs than Internal Audit would normally expect; and
- **Trade Waste** – where Internal Audit have concluded that there are apparent discrepancies between the amounts of Trade Waste being accepted (at those HWRCs authorised to accept Trade Waste) and the contractor’s records, which Internal Audit also conclude could mean there is a shortfall in income (albeit by only a small amount).

2.7 In each case the Auditor has made recommendations for review and improvement to ensure that these matters are addressed. The auditor’s recommendations have been agreed by officers at the Authority, and the agreed response is set out in the Action Plan attached to the Auditor’s report (at Appendix 1).

2.8 The Auditor has made a small number of other recommendations for improvements with a view to improving contract compliance at HWRCs; these recommendations have also been agreed with officers.

3. Risk Implications

3.1 There is a risk of unauthorised entry onto HWRCs by Traders and a potential for income to be understated. These risks are addressed through the responses to the recommendations in the action plan attached to the Auditor’s report.

4. HR Implications

4.1 There are no new HR implications

5. Environmental Implications

5.1 There are no new environmental implications

6. Financial Implications

- 6.1 There is potential for a shortfall in income shared with MRWA by the contractor, while not substantial it is a matter that the Authority needs to keep under review.

7. Legal Implications

- 7.1 The HWRC sites are available for Members of the public to use without restriction. The permit scheme is designed to enable the public to use the sites while ensuring that trade waste is not dealt with at HWRCs. To ensure that Trade Waste is kept away from the sites it is important that the Permit Scheme is managed properly by the contractor at the sites.

8. Conclusion

- 8.1 Internal Audit reviewed the arrangements for the management of HWRCs and concluded that 'Substantial Assurance' could be taken from the arrangements.
- 8.2 Unusually there were two Key Issues for Members identified and recommendations have been made to address the issues.
- 8.3 Members are asked to note the report and to approve the response to the Key Issues it identifies.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.