



St. Helens Council

Audit Report 2012/13

Merseyside Recycling & Waste Authority District Council Recycling Credits

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St. Helens Council

EXECUTIVE SUMMARY

Merseyside Recycling & Waste Authority (MRWA)

District Council Recycling Credits

Scope

In accordance with the 2012/13 Audit Plan a review of the following areas was undertaken to ensure that: -

1. Processes adopted by individual Authorities are sufficient to provide assurance that Recycling Credit claims submitted to MRWA are accurate;
2. Internal controls are effective within MRWA with regard to the processing and payment of Recycling Credits claimed by individual Authorities;

This report summarises the findings of the audit work undertaken with a view to providing an assurance that the controls in place are operating effectively.

Background

Recycling Credits

Section 52 of the Environmental Protection Act (EPA) placed a duty on Waste Disposal Authorities (WDA) to make a payment to Waste Collection Authorities (WCA) in the event that a WCA retained waste for recycling. Payments of such amounts were required to represent the net saving of expenditure on the disposal of the waste, as determined by the WDA. Pursuant to the EPA's requirements the Government introduced the Recycling Credits Payments Scheme from April 1992.

Section 49 of The Clean Neighbourhoods and Environment Act 2005 made changes to Section 52 of the EPA. These changes removed the duty for WDA's to make Recycling Credit payments to WCA's (via an order from the Secretary of State)

MRWA continue to make Recycling Credit Payments to Individual Authorities in its area to motivate recycling activity.

Claims received from individual Authorities are substantiated by submission of a weighbridge ticket provided by a re-processor. These tickets will include information such as claimant details, merchant details, a unique weighbridge ticket number and the actual weight of the items processed. This information is sometimes submitted by the external organisation in the form of a summary document and sample testing may occur to confirm the validity of the claim.

An appropriate officer must certify claims for payment by individual Authorities and all claims are assessed for accuracy by MRWA before any payment is made.

Financial Information

Recycling Credits to be paid (April to Dec) 2012/13	£4,733,853.30
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Audit Opinion

In our opinion, appropriate key controls are in place and are operating effectively with regard to the processing and payment of Recycling Credits. Testing confirmed that there are appropriate controls in place to ensure that payments made are in accordance with current agreed rates.

Although we have made one recommendation, this does not represent significant weakness within the existing control framework or indicate that the interests of MRWA or other stakeholders are open to undue risk.

Key Issue

No key issues were identified during this review.

Agreed Action

The recommendations and action plan have been agreed with the Director of Finance.

INTERNAL AUDIT REPORT

Recycling Credits

1.0 Objectives

To review the controls in place in relation to the following: -

1. To ensure that individual Authorities have suitable processes and checks in place to ensure that Recycling Credit claims presented to MRWA are accurate;
2. To ensure that MRWA have suitable processes and checks in place to ensure that Recycling Credit claims presented for payment by individual Authorities are correct;

2.0 Conclusions & Recommendations

2.1 Control Objective – To ensure that individual Authorities have suitable processes and checks in place to ensure that Recycling Credit claims presented to MRWA are accurate.

- 2.1.1 This control objective is being met in the main.
- 2.1.2 At the time of the review, we sampled six full monthly claims for Recycling Credits from Liverpool, Sefton and Wirral Authorities.
- 2.1.3 The review noted that in all cases a certified recycling claim was submitted by each Authority that contained a detailed breakdown of tonnage.
- 2.1.4 It was evident that individual Authorities hold or have access to weighbridge tickets and other supporting documentation produced by external organisations. We were informed that some Authorities performed a complete check of all related tickets before a claim was submitted and others undertake sample testing only.
- 2.1.5 It was clear from correspondence with individual Authorities that internal processes are reviewed on a regular basis, and for two Authorities we were also informed that Recycling Credits formed part of the Authorities own Internal Audit review process.
- 2.1.6 We noted that for one claim submitted an error had occurred in the production of a summary spreadsheet, leading to an underpayment of £9326.99 to Liverpool City Council.

Recommendation

1. Individual Authorities are reminded of their responsibility to audit and ensure the accuracy of claims submitted to MRWA.

2.2 Control Objective - To ensure that MRWA have suitable processes and checks in place to ensure that Recycling Credit claims presented for payment by individual Authorities are correct.

- 2.2.1 Sample testing confirmed that this control objective is being met.

- 2.2.2 MRWA perform appropriate checks to ensure the accuracy of submitted claims. Processes introduced by the current responsible officer have ensured that claims are scrutinised in sufficient detail.
- 2.2.3 All elements of each claim examined during sample testing only contained information for the relevant month being claimed.
- 2.2.4 Apart from one negligible error all rates used for each claim included in the testing were correct.
- 2.2.5 All individual Authorities send a certified Recycling Credits claim form to MRWA.

3.0 Action Plan

Merseyside Recycling & Waste Authority

Rec. No.	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Implementation Date
1	Individual Authorities are reminded of their responsibilities to audit and ensure the accuracy of claims submitted to MRWA.	Assistant Contracts Manager	May 2013	