

INTERNAL AUDIT - VEOLIA SYSTEMS AND PROCEDURES
WDA/38/15

Recommendation

That:

1. Members note the contents of the Internal Auditor's report

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INTERNAL AUDIT - VEOLIA SYSTEMS AND PROCEDURES**WDA/38/15****Report of the Treasurer****1. Purpose of the Report**

- 1.1 The report shows Members the outcome of the latest Internal Audit review of the systems and procedures used by one of the Authority's main contract providers, Veolia ES Merseyside Ltd (Veolia), to verify the information they hold and that they ensure that weighbridges which are critical for the contract are regularly calibrated and comply with procedures.

2. Background

- 2.1 The Authority is required to maintain an adequate and effective internal audit. This service is provided for the Authority by St Helens Council's Internal Auditors, under the terms of an annual service level agreement. Each year Internal Audit prepares an audit plan, carries out audit reviews and where appropriate makes recommendations for improvements.
- 2.2 As a part of their work programme Internal Audit planned to review the Authority's arrangements for ensuring that the information held by Veolia is verified. The review also included an assessment of the way that weighbridges are calibrated and that they comply with agreed procedures.. Internal Audit's findings are set out in their report which is attached at Appendix 1.

3. Review of Veolia systems and procedures

- 3.1 Internal Audit have reviewed systems and procedures employed by Veolia including
- Four transfer stations ;
 - 15 Household Waste Recycling Centres (HWRCs), 13 in Merseyside and 2 in Halton;
 - Two Materials Recycling Facilities (MRFs);
 - Waste transport to external disposal and processing in respect of each of the above; and

- Ensuring payments and income are appropriate

4. Internal Audit outcome

- 4.1 The internal audit review has found no Key Issues to raise with Members. The level of assurance provided by Internal Audit at the conclusion of their review is 'Substantial', suggesting that:

“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”

- 4.2 This is a strong level of assurance from internal audit.
- 4.3 There were three recommendations arising from the review including: cross referencing of monthly reports to confirm the accuracy of data; retention of weighbridge ticket data; and a recommendation regarding the confirmation of the weight of third party contractors using the weighbridge facilities. Each of the recommendations have been fully agreed by management.

5. Risk Implications

- 5.1 The level of opinion provided as a result of this review by Internal Audit gives assurance that the controls that should be in place are in place, but the way they are being operated can be improved. The Authority welcomes this report as it provides an opportunity to respond to those risks and ensure that they are being managed more effectively in future.

6. HR Implications

- 6.1 There are no HR implications associated with this report

7. Environmental Implications

- 7.1 There are no environmental implications associated with this report.

8. Financial Implications

- 8.1 There are no new financial implications arising from this report

9. Legal Implications

9.1 There are no legal implications associated with this report

10. Conclusion

10.1 Internal Audit complete their agreed programme of work to ensure the Authority is managing the risks it faces. In this case the risks attached to Veolia's systems and procedures have been reviewed and the conclusion is that the Authority can take a substantial level of assurance about the way those payments are being managed and controlled.

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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.