



St. Helens Council

# Internal Audit Report 2017/18

## Merseyside Recycling and Waste Authority Business Continuity Management

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	Section	Page
Executive Summary	1	2
Objectives	2	4
Findings & Conclusions	3	5
Action Plan	4	9

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## St. Helens Council

### **Merseyside Recycling and Waste Authority**

### **Business Continuity Management**

#### **1.1 Introduction**

An audit review of Business Continuity Management was undertaken as part of the 2017/18 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.

#### **1.2 Scope**

The review considered Business Continuity Policies and Procedures, roles and responsibilities and testing of the procedures.

#### **1.3 Background**

##### **Context**

Business Continuity Plans are the means by which the Authority can plan to minimise the potential disruption to critical functions caused as a result of an emergency.

Any event which could have a significant impact on the operation of MRWA's service should be covered within the Business Continuity Plan, such as flood, fire, loss of access to computing / network systems or restricted building access.

Plans should be put in place to ensure that the impact of any emergency event can be minimised and issues can be resolved as quickly and efficiently as possible.

In order to achieve best practice, the Authority should aim to be aligned to the principles of ISO22301 – Business Continuity Management.

#### **1.4 Audit Opinion**

Internal Audit contribute to the overall governance of the Authority 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 were no key issues arising from this report.

**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 and Waste Authority**

#### **Business Continuity Management**

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

1. Business Continuity Policies and Procedures are in place, are regularly reviewed and updated, are approved, and are available to staff.
2. Staff involvement is maintained across all Sections to ensure a consistent approach.
3. Business Continuity processes are regularly tested to confirm the arrangements in place are fit for purpose and are effective.

## Findings & Conclusions 3

### Findings

#### 3.1 Control Objective: Business Continuity Policies and Procedures are in place, are regularly reviewed and updated, are approved, and are available to staff.

We established that six out of seven 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 Business Impact Assessment

A Business Impact Assessment (BIA) should be completed for each Service within the Authority, and the information obtained should be used to inform the BCMP.

A BIA is the process of analysing activities and the effect that business disruption might have upon them. Assessment should include:

- Identifying the activities that support the provision of the service;
- Assess the impact over time of not performing these activities;
- Set prioritised timeframes for resuming these activities; and
- Identifying supporting resources required to achieve this.

At the time of review, a BCMP was in place, which details each individual service and how they would react in the event of an incident. These contingency plans go some way to assess the impact upon each service if a disruptive incident were to occur, however, they do not go into sufficient detail about what the impact would be over a period. For example, would a day of disruption have the same impact as a month? Would there be different impacts because of the time of year?

In addition, although critical functions have been identified for individual services, there is no evidence that these have been prioritised across the Authority as a whole, or how quickly key services would need to be resumed.

The Authority may not be aware of which critical functions should be prioritised in order to resume service delivery, or have the resources or capacity to achieve this within the required timescales.

**Recommendation 1** *Business Impact Assessments should be extended for each Service to include timescales, and these should be used to inform the overall critical functions included in the Business Continuity Plan.*

### 3.2 Control Objective: Staff involvement is maintained across all Services to ensure a consistent approach.

We established that four out of five 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:

#### 3.2.1 Staff Training

All staff should receive training so that they have an understanding of the BCMP as a whole, and their role in the implementation of it. For this reason, training should be tailored for strategic and operational staff, and a process should be in place to identify any training gaps, i.e. for new starters.

We were advised during the review that all staff did receive training several years ago, however this did not relate to the current BCMP that is now in place.

In addition, a training system is in place which records all training that an officer has received. Through this system, staff are able to identify any member of staff who has not received specific training courses. However, although Management are aware that there are training gaps with regards to BCMP, no training has been provided.

Officers may not be aware of their roles and responsibilities set out in the BCMP.

**Recommendations 2** *All staff should receive Business Continuity Training relevant to the current arrangements, which is specific to their level of responsibility.*

### 3.3 Control Objective: Business Continuity Processes are regularly tested to confirm the arrangements in place are fit for purpose and are effective.

We established that none of the expected controls under review were in place or working effectively.

Weaknesses in the design or operation of all controls were identified, and recommendations have been made to enhance the control environment in this area, as detailed below:

#### 3.3.1 BCMP Testing

The Authority's BCMP should include procedures for how it will be tested, in order to ensure that it is effective in the event of an emergency. The testing should be undertaken regularly, documentation on the outcomes should be retained, and appropriate amendments made to the Plan should any issues be identified.

Review of the plan is undertaken on an annual basis, and any issues identified or out of date information will be updated.

However, review of the BCMP found that although the frequency of testing and review of different elements of the plan are referred to, it does not detail specifically how these tests will be performed.

The Plan may not be tested in line with expectations.

**Recommendation 3** *Procedures should be reviewed and updated to state how testing of the Business Continuity arrangements will be performed.*

## Conclusions

Internal Audit contribute to the overall governance of the Authority 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 and Waste Authority**  
**Business Continuity Management**

**Action Plan 4**

REC NO.	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION AND PROPOSED DATE OF IMPLEMENTATION	ACTUAL DATE OF IMPLEMENTATION
1	Business Impact Assessments should be extended for each Service to include timescales, and these should be used to inform the overall critical functions included in the Business Continuity Plan.	Assistant Director, Business Services and Strategy	BIA will be extended to include relevant timescales  31 <sup>st</sup> August 2017	
2	All staff should receive Business Continuity Training, which is specific to their level of responsibility.	Business Services Manager	All staff to receive appropriate level of training  31 <sup>st</sup> July 2017	6 <sup>th</sup> July 2017
3	Procedures should be reviewed and updated to state how testing of the Business Continuity arrangements will be performed.	Assistant Director, Business Services and Strategy	Procedures to be updated to show testing arrangements  31 <sup>st</sup> August 2017	