

# Internal Audit Report

## 2018/19



St. Helens Council

### Merseyside Recycling & Waste Authority Environmental Management System (EMS)

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#### Distribution

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SECTOR INTERNAL AUDIT STANDARDS  
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## St. Helens Council

### **Merseyside Recycling & Waste Authority Environmental Management System (EMS)**

#### **1.1 Introduction**

An audit review of the Environmental Management System (EMS) was undertaken as part of the 2018/19 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 the internal monitoring processes in place to ensure compliance with the adopted Environmental Management System ISO 14001:2015.

#### **1.3 Background**

##### **Context**

MRWA have operated an accredited Environmental Management System, ISO14001, since 2008. The EMS is externally verified by a consultant, LRQA, for conformance against the Standard.

In 2016/17 the Authority implemented the changes necessary within the System to operate the EMS to the revised ISO14001:2015 Standard.

In April 2018, an external assessment confirmed successful transition to the 2015 Standard. Also, a recent surveillance visit by LRQA confirmed that the requirements of the Standard continue to be met.

The current scope of the standard encompasses:

The activities associated with the monitoring and maintenance of seven closed landfill sites and the Authority's office activities and the management of the Authority's waste contracts.

The aims of the EMS are to improve the Authority's environmental performance and also the performance of its major waste management contractors. Key drivers to the Authority are:-

- Sustainable waste management
- Climate change
- Energy consumption
- Resource management
- Closed landfill site management

- Biodiversity
- Compliance obligations

## **Budget**

There are no direct budgetary implications for this review.

### **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 Agreed Action**

Actions to address the recommendations made in this report are included in section 4, which has been agreed with the relevant Managers.

### **Merseyside Recycling & Waste Authority**

### **Environmental Management System (EMS)**

To gain assurance that the following control objective is being achieved within an appropriate framework of control:

1. To ensure that the EMS internal monitoring processes are robust.

## Findings Summary 3

**Merseyside Recycling & Waste Authority****Environmental Management System (EMS)**

The main findings from our review are highlighted below, and our detailed findings and recommendations are included in Section 4.

**3.1 Areas of Good Practice**

- A robust framework is in place to support the requirements of ISO14001:2015.
- Roles and responsibilities are clear and well defined.
- The EMS is supported by documented manuals which have been developed and are in place to underpin the requirements of the Standard across all aspects of the service.
- Appropriate training on the EMS has been delivered to all staff, with specific training provided to those staff who have been nominated as EMS Internal Auditors.

**3.2 Key Areas for Development**

- The scope of internal EMS audits has in some areas been narrow, resulting in a more 'light touch' audit than was anticipated.
- The evidence to support EMS auditor judgements has been lacking in some cases.
- The introduction of an audit report drafting process, to provide the facility for the Estates Manager (in his capacity as the EMS Audit Manager) to challenge the scope and evidence base of audit reviews, would assist in enhancing the monitoring function.

**3.3 Recommendation Summary**

In order to assist management in using our reports, we categorise our recommendations according to their level of priority, please see section 5 for definitions.

This table details the number of recommendations made for each level of priority.

Low priority recommendations are provided at the exit meeting, and are not included in this report.

<b>Priority</b>	<b>Number</b>
High	0
Medium	3
Low	1

REF.	FINDINGS	IMPLICATIONS / RISKS	RECOMMENDATION	MANAGEMENT RESPONSE
<b>Control Objective 1:</b> To ensure that the EMS internal monitoring processes are robust.				
1	An EMS internal audit monitoring function is in place. The Audit Plan has been developed to capture all aspects of the EMS over the course of the year. However, in some cases, the scope of the individual audits was limited and did not sufficiently capture the full essence of the associated EMS manual.	The assurance role provided by the internal EMS audit process is weakened if the scope of reviews is too narrow.	The scope of internal EMS audits be more clearly defined in advance of audit reviews.  <b>Priority: Medium</b>	<b>Agreed Action:</b> The scoping of audit reviews will be incorporated into EMS auditor training.  <b>Responsible Officer:</b> Environmental & Planning Officer (as Lead EMS Officer) and Estates Manager (as EMS Audit Manager).  <b>Timescale:</b> 31 <sup>st</sup> March 2019
2	The internal EMS audit reports generally do not specify the evidence that the auditor has used to base his/her opinion on. In many cases, the evidence points to a procedure being in place as opposed to what tests have been undertaken to ensure compliance with the procedure.	The EMS auditor assurance is less reliable if the evidence to support the auditor judgement is lacking.	i) Auditors be required to specify within their reports, when necessary, the compliance testing that has been undertaken to reach their judgement.  <b>Priority: Medium</b>	<b>Agreed Action:</b> The requirements for auditor judgements to be supported by appropriate evidence will be incorporated into EMS auditor training.  <b>Responsible Officers:</b> Environmental & Planning Officer (as Lead EMS Officer) and Estates Manager (as EMS Audit Manager).  <b>Timescale:</b> 31 <sup>st</sup> March 2019  (continued....)

REF.	FINDINGS	IMPLICATIONS / RISKS	RECOMMENDATION	MANAGEMENT RESPONSE
			ii) A quality assurance role be inbuilt to the drafting of audit reports to ensure that there is sufficient challenge to confirm the basis for auditor judgements.  <b>Priority: Medium</b>	<b>Agreed Action:</b> Amendments to the audit report template to include sign-off by the Estates Manager (as EMS Audit Manager).  <b>Responsible Officer:</b> Environmental & Planning Officer (as Lead EMS Officer).  <b>Timescale:</b> Implemented.

### Assurance Levels

<b>High Assurance</b>	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.
<b>Substantial Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>Minimal Assurance</b>	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.

### Recommendation Priority

<b>High</b>	Issues that are fundamental to the system of internal control for the area subject to review.
<b>Medium</b>	Issues where improvements in control are required to reduce the risk of loss, error, irregularity or inefficiency.
<b>Low</b>	Issues that merit attention and would improve the overall control environment.