

INTERNAL AUDIT REPORTS
WDA/26/21

Recommendation

That:

1. Members note the contents of the reports from the Internal Auditor

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INTERNAL AUDIT REPORTS**WDA/26/21****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 reviews.

2. Background

- 2.1 The agreed audit plan for the year included a review of the Authority's arrangements in respect of:
- Covid expenditure;
 - MRWA Levy Calculation; and
 - Health and Safety arrangements

3. Covid expenditure

- 3.1 Members will recall that as a consequence of the Covid-19 pandemic the Authority incurred additional costs that could not be recovered from central Government. In order to mitigate the impacts of those additional costs on the Authority and its services, as well as on the Authority's Levy for 2021-22 an agreement was reached with the constituent District Councils under which they agreed to contribute to the costs of Highways management at HWRCs, and separately to contribute a proportion on the additional mostly waste related costs that the Authority faced.
- 3.2 As a part of the internal audit programme it was agreed that the Authority's arrangements for managing the agreement would be reviewed.
- 3.3 The Auditor's detailed report is attached at Appendix 1 to this report

- 3.4 The Auditor concluded that in their overall opinion high assurance could be taken from the system and the way it was operated. This means that:

“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.”

- 3.5 The auditor has confirmed there are no Key Issues arising from this review to bring to the attention of Members.

- 3.6 The auditor has made no recommendations for improvements to the arrangements.

4. MRWA Levy calculation

- 4.1 Merseyside Recycling and Waste Authority (MRWA) is required to calculate its budget requirement each year and to recover the costs of that budget requirement from constituent district councils via a statutory Levy.

- 4.2 The Levy provides the Authority with the means by which it can charge the constituent district councils for the costs of the services it provides. The Levy is statutory and allows the Authority to set the charge to each district council on an annual basis. The review considered the policies, procedures, income and expenditure, treasury management, payroll and pension services and budget monitoring.

- 4.3 The Auditor’s detailed report is attached at Appendix 2 to this report.

- 4.4 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 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.”

- 4.5 The auditor has confirmed there are no Key Issues arising from this review to bring to the attention of Members.

- 4.6 The auditor has made a small number of medium priority recommendations for improvements to the arrangements, these include:

- The documentation of checks on key calculations, signing and dating reviews of calculations for example;
- Correction of an 18 tonne error in the abatement calculation in respect of charity recycling credits; and
- Take and save a screen shot of the website page used to verify the population bases used in the Levy apportionment.

4.7 Each of these recommendations has been agreed by management and actions will be put in place during the next and subsequent Levy setting exercise.

5. **MRWA Health and Safety**

5.1 Merseyside Recycling & Waste Authority (MRWA) is committed to providing a safe and healthy working environment for all its employees.

5.2 MRWA has adopted a risk-based approach to health and safety whereby resources will be targeted at hazards where there is a potential for significant impact or where most incidents have arisen. As a minimum, MRWA will take all necessary steps to comply with health and safety legislation and Approved Codes of Practice, with due regard to HSE Guidance and relevant British, European, and International Standards.

5.3 There is no designated Health & Safety Officer within MRWA's structure, however, the Treasurer is the EMT lead for this function and the Chief Executive takes ultimate responsibility for Health and Safety. Regular reports are made to EMT on Health and Safety issues. The Authority's Service Level Agreement with St Helens Borough Council provides for a professional health and safety advisory service.

5.4 The Auditor's detailed report is attached at Appendix 3 to this report.

5.5 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:

5.6 *"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."*

- There was a high priority recommendation in respect of ensuring the Health and Safety Policy Statement be subject to an annual review.

This is accepted, with the Covid pandemic being the key reason why the review was initially delayed.

- Other recommendations were regarded as a medium priority and included:
- Refreshing the H&SMS to reflect agile working
- Ensuring the template for the review of H&S legislation is completed fully;
- Timely completion of the H&S audit findings log and the internal audit programme
- A reminder to employees that they can report H&S issues confidentially

5.7 Each of the recommendations has been agreed by management and are either implemented or are planned to be implemented in the near future.

6. Risk Implications

6.1 There are no new risks arising from the auditor's review

7. HR Implications

7.1 There are no new HR implications

8. Environmental Implications

8.1 There are no new environmental implications

9. Financial Implications

9.1 There are no new financial implications associated with this report

10. Legal Implications

10.1 There are no legal implications associated with this report.

11. Conclusion

11.1 Internal Audit reviewed the Authority's arrangements for Covid expenditure and concluded that they gave 'High Assurance'.

11.2 Internal Audit also reviewed the arrangements for managing the Authority's Levy Calculation and concluded that they gave 'Significant Assurance'.

- 11.3 Finally, Internal audit reviewed the Authority's Health and Safety arrangements and concluded that they gave 'Significant Assurance'.
- 11.4 There are no Key Issues for Members.
- 11.5 Members are asked to note the auditors' reports.

The contact officer for this report is: Peter Williams
7th Floor, Number 1 Mann Island, Liverpool, L3 1BP

Email: peter.williams@merseysidewda.gov.uk
Tel: 0151 255 2542
Fax: 0151 227 1848

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