



Chairperson
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Internal Audit
Town Hall
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Contact: Richard Thomas

cc Peter Williams, Director of Finance

28 March 2023

Our ref: CA/MRWA00
Your ref:

Dear Chair,

Re: MRWA Audit Opinion 2022/23

I write to confirm to Members of the Authority, based on audit work undertaken during the 2022/23 financial year and the sampling of transactions, that I am not aware of any significant control issues that require bringing to the Authority's attention in relation to the operation of its governance, risk management and internal control framework.

In providing my opinion, I remind Members that no assurance can ever be absolute, and it is inevitable that control issues will arise within the MRWA, given its size and scale of operation.

During 2022/23 the following internal audit reports were reported to Members:

- Resource Recovery Contract High Assurance (Substantial under the new assurance levels)
- Procurement Limited Assurance

The following report is due to be reported to Members at the April 2023 Authority Meeting:

- Capital Programme and Accounting Substantial Assurance

Also outlined, where applicable, is the level of assurance given with regard to the adequacy and effectiveness of internal control in relation to the areas under review. For information purposes, the assurance levels used were re-defined, and the attached Internal Audit definitions attached at Appendix 1.

At the time of writing, the following audit reviews are ongoing, and reports will be presented to the next Authority meeting:

- Business Continuity
- Corporate Governance
- Climate Change
- Contract Management

In addition, at the request of MRWA the ICT Contract audit review was not completed because we were advised that officers have entered into discussions with the Combined Authority over the services provided/standards/costs etc. and those discussions were ongoing during 2022/23, so there would not



be a lot of value in the audit at the time, so this was agreed to be reviewed at a later date. As such, this has been included in the 2023/24 audit plan.

Any control issues arising from our work have been addressed by way of action plans for improvement, which have been agreed with management together with specified timescales for implementation. Progress towards the implementation of agreed action plans will be updated and presented to the Authority in 2022/23.

In accordance with our Service Level Agreement and MRWA's reliance upon St Helens Council's financial systems, I also confirm that I am satisfied, based on audit work undertaken during the financial year, that the Council continues to maintain a sound control framework and there are no issues I consider require bringing to your attention.

I trust that this meets your requirements.

Yours sincerely,



Richard Thomas
Head of Audit and Risk



Internal Audit Definitions

Assurance Levels

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Recommendation Priority

Critical	Failure to address the risk could potentially lead to catastrophic loss of council services; loss of life; significant environmental damage or major financial loss; with national press coverage and substantial damage to the council's reputation. Remedial action must be taken immediately.
High	Failure to address the address the risk could potentially lead to failure to achieve organisational objectives, serious injuries, significant disruption to council business or to users of its services, high financial loss, inefficient use of resources, failure to comply with law or regulations, damage to the council's reputation. Remedial action must be taken urgently.
Medium	Failure to address the risk could potentially lead to an impact on operational objectives, moderate injuries, moderate financial loss, moderate breach of law or regulations, moderate reputational damage. Prompt specific action should be taken.
Low	Matters that individually have no major impact on achieving the service's objectives. Specific remedial action is desirable.

