Internal Audit Report 2022/23

COMPLIANCE WITH THE PUBLIC
SECTOR INTERNAL AUDIT STANDARDS
NWCAE GROUP FEBRUARY 2018

Merseyside Recycling and Waste Authority Business Continuity

Contents

Assignment Control

	Date
Draft Report Issued	17th April 2023
Management Responses Received	20th April 2023
Senior Management Approval	18th May 2023
Final Report Issued	18th May 2023

Distribution

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Merseyside Recycling and Waste Authority

Business Continuity

1.1 Introduction

An audit review of Business Continuity was undertaken as part of the 2022/23 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 encompassed the arrangements in place for Business Continuity Management to ensure that appropriate and robust plans are in place, roles and responsibilities have been suitably defined and assigned, review and testing procedures are adequate, and staff awareness and training is sufficient.

1.3 Background

Context

Business Continuity Management Plans are necessary to ensure that the Authority can plan to minimise the potential disruption to critical functions caused as a result of an emergency or unplanned critical event.

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.

Budget

There are no direct budgetary implications.

1.4 Audit Opinion

Internal Audit contributes 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:

Reasonable Assurance	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.

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.

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Business Continuity

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

1. A robust Business Continuity Management Plan is in place that encapsulates all critical functions, appropriately allocates roles and responsibilities, and is subject to appropriate and ongoing review and approval.

2. An appropriate and effective testing regime is in place to confirm that arrangements remain fit for purpose.

3. Adequate training and awareness of arrangements is in place.

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Business Continuity

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

- The Business Continuity Plan provides clarity on roles and responsibilities in the event of an activation.

- Testing and review requirements are clearly specified, if not completely fulfilled.

3.2   Key Areas of Development

- A full business wide test including all partners and services is necessary.

- Refresher awareness training is required on at least a two-year interval.

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.

Priority	Number
Critical	0
High	1
Medium	1
Low	1

REF.	FINDINGS	IMPLICATIONS / RISKS	RECOMMENDATION	MANAGEMENT RESPONSE
Control Objective 2: An appropriate and effective testing regime is in place to confirm that arrangements remain fit for purpose.				
1	The Business Continuity Plan includes provision for 'full testing including issues and incident management' by way of completing a business wide exercise including all partners and services. This has not been undertaken for a number of years, and not since the Business Continuity Plan, in its current format, has been in place.	A failure to undertake full testing reduces the ability to provide assurance that the business continuity arrangements have been fully developed.	The full business wide test of the business continuity arrangements, including issues and incident management, should be undertaken in accordance with the requirements of the current Plan. **Priority: High**	**Agreed Action:** Agreed as per recommendation. **Responsible Officer:** Business Services Manager. **Timescale:** 30th November 2023.
Control Objective 3: Adequate training and awareness of arrangements is in place.				
3	Whilst Section Managers were in receipt of some specific business continuity training in May 2022, other staff, apart from new starters, have not received any refresher training since at least November 2020.	The effectiveness of any activation could be compromised if staff awareness is not sufficiently maintained.	In the absence of specific business continuity training, all staff should be in receipt of refresher training at least every two years. **Priority: Medium**	**Agreed Action:** Agreed as per recommendation. **Responsible Officer:** Business Services Manager. **Timescale:** 30th June 2023.

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 services; loss of life; significant environmental damage or major financial loss; with national press coverage and substantial damage to 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 business or to users of its services, high financial loss, inefficient use of resources, failure to comply with law or regulations, damage to the Authority'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.