



Internal Audit Report

2023/24



COMPLIANCE WITH THE PUBLIC
SECTOR INTERNAL AUDIT STANDARDS
NWCAE GROUP
NOVEMBER 2023

Merseyside Recycling and Waste Authority Climate Change

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Distribution

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Merseyside Recycling and Waste Authority

Climate Change

1.1 Introduction

An audit review of Climate Change was undertaken as part of the 2023/24 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 governance arrangements, strategy, performance monitoring and reporting of the climate change response plan. Engagement with stakeholder and partners was also captured.

1.3 Background

Context

Climate Change is a world-wide issue which is impacting upon countries, regions, communities, and the natural world. It is also having an increasing economic impact upon the global economy. The UK is taking steps and has introduced legislation as part of its measures in attempting to counter Climate Change and its impact.

In 2019 the Authority declared a climate emergency in recognition of the threat posed by world rising temperatures. In 2020, the Authority developed a Climate Action Plan which has been updated, resulting in the 2022 version being published.

The Climate Action Plan 2022 includes the vision for the Authority moving forwards and the planned response arrangements. The main focus of the Plan is to achieve dual goals of net zero carbon and net zero waste by 2040.

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 A sound system of governance, risk management control exist, with internal controls operating effectively and being consistently applied to support 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

Control Objectives 2

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

1. Adequate governance arrangements are in place to provide appropriate senior management oversight and approval over the Authority's climate change arrangements.
2. All stakeholders and partners have been identified and engaged and their involvement well defined and progress and activities with stakeholders and partners monitored and followed up.
3. Adequate and well-defined monitoring on progress of Climate Change Action and response is in place and being applied with measurable criteria for success. Deviations are appropriately addressed, corrected, and followed up.
4. All stakeholders and partners have been identified and engaged and their involvement well defined and progress and activities with stakeholders and partners monitored and followed up.
5. Adequate and regular reporting to appropriate levels of senior management is in place and issues arising satisfactorily addressed.

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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

- Membership of the City Region Strategic Waste Partnership, providing senior officer representation.
- Involvement in the development of the impending city region Zero Waste 2040 Strategy, which will inform the MRWA Zero Waste Strategy (currently in development).
- The publication of a public facing Climate Action Plan, which is available on the MRWA Website.
- The production of a detailed Climate Action Plan, addressing the issues facing the functions directly provided by MRWA.
- The alignment of the most applicable EU Sustainable Development Goals to the Corporate Plan objectives and the Climate Action Plan.
- The establishment of the Climate Action Group, an officer working group consisting of section managers whose remit includes monitoring Climate Action Plan actions.

3.2 Key Areas of Development

- To strengthen the recording of the status of actions within the detailed Climate Action Plan.
- To reinstate the annual update reporting to the Authority on the detailed Climate Action Plan actions, the last update having been provided in 2022.

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	0
Medium	2
Low	0

REF.	FINDINGS	IMPLICATIONS / RISKS	RECOMMENDATION	MANAGEMENT RESPONSE
<p>Control Objective 1: Adequate governance arrangements are in place to provide appropriate senior management oversight and approval over the Authority's climate change arrangements.</p>				
<p>1</p>	<p>A detailed Climate Action Plan, which underpins the public facing Climate Action Plan published on the MRWA Website, is in place. The detailed plan provides a comprehensive record of actions allocated across each of the teams. An examination of Authority Committee reports identified that the last update to members on progress against the actions was last reported in June 2022, at which time it was indicated that annual updates would be provided.</p>	<p>The transparency surrounding the status of required actions is compromised with the absence of reporting progress to members.</p>	<p>Reporting to the Authority on the status of actions relating to the detailed Climate Action Plan should be reinstated from 2024 and annually thereafter.</p> <p>Priority: Medium</p>	<p>Agreed Action: Report to Members. Responsible Officer: Strategy & Development Manager. Timescale: November 2024</p>

Control Objective 5: Adequate and regular reporting to appropriate levels of senior management is in place and issues arising satisfactorily addressed.

<p>2</p>	<p>The Climate Action Group consists of Team Managers who meet quarterly to discuss progress on actions relating to the detailed Climate Action Plan. The central record of the Plan has provision for the lead manager responsible for actions to record the status. There has been an inconsistent approach in managers recording updates.</p>	<p>The monitoring of actions is compromised due to failures in some instances to record the status of actions.</p>	<p>The recording of updates in respect of Climate Action Plan actions should be strengthened to ensure that respective managers provide updates on at least a quarterly basis.</p> <p>Priority: Medium</p>	<p>Agreed Action: Written Update to SLT after quarterly Climate Action Group Meetings.</p> <p>Responsible Officer: Strategy & Development Manager.</p> <p>Timescale: May 2024.</p>
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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.