



St. Helens Council

Audit Report 2011/12

Merseyside Waste Disposal Authority

Review of Performance Management, Risk Management and Governance Arrangements

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St. Helens Council

EXECUTIVE SUMMARY

Merseyside Waste Disposal Authority

Review of Governance Arrangements

Scope

To review the Authority's governance arrangements in particular the:-

- (i) Robustness and accuracy of the Performance Management System;
- (ii) The approach to Risk Management;
- (iii) Production of the Annual Governance Statement;

Background

A key element of sound governance is the ability to monitor and manage performance. The Merseyside Waste Disposal Authority (MWDA) utilises performance indicators, both local and national. These are maintained within a Performance Management System maintained on a regular basis from which monthly and quarterly performance reports are produced and reviewed.

To ensure that all risks are managed the Authority maintains a Risk Register that is reviewed throughout the year by the Senior Management Team. The Risk Register is considered by the Authority in April every year for approval.

The Authority is required to produce an Annual Governance Statement and this is compiled in accordance with CIPFA/SOLACE good governance guidance and best practice. These principles focus on those systems and processes necessary for the direction and control of the organisation and its activities through which it accounts to its stakeholders.

The preparation of the Annual Governance Statement is necessary to meet the statutory requirements of Regulation 4 (2) (3) of the Accounts and Audit Regulations 2011 and reports upon the system of internal control, risk and governance and identifies areas for improvement where necessary.

Audit Opinion

In our opinion appropriate controls are in place and operating effectively in relation to the areas reviewed.

Key Issues

No key issues were identified during the review.

Agreed Action

There are no recommendations arising from this review.

INTERNAL AUDIT REPORT

Review of Governance Arrangements

1.0 Objective

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

1. Performance Management information is produced and reported on a timely, accurate and complete basis.
2. Suitable Risk Management arrangements have been developed, introduced and maintained.
3. There is a robust mechanism for the gathering of assurances and evidence for the production of the Annual Governance Statement and its subsequent approval.

2.0 Conclusions & Recommendations

2.1 Control Objective – Performance Management information is produced and reported on a timely, accurate and complete basis.

- 2.1.1 This control objective is being met.
- 2.1.2 Discussion with the Corporate Service Manager confirmed that her team are responsible for the collection, recording and completion of the various performance indicators. There are ten monthly performance indicators that are completed by the Corporate Services Team and nine quarterly improvement targets that take the corporate aims of the authority into consideration.
- 2.1.3 Testing confirmed that at the end of each month the Performance Support Officer, as the responsible officer, obtains all relevant information / data in order to calculate the performance indicators via e-mails or direct access to relevant MWDA databases. As part of our review we selected a number of performance indicators and confirmed that the information was being received on a monthly basis, was complete, collated on a timely basis and that the indicators had been calculated accurately.
- 2.1.4 We noted that the Performance Support Officer, on a monthly basis, produces a Monthly Management Report detailing the indicators and performance compared to annual target. If there are issues arising from the report, the relevant managers are notified about the variance from the annual targets. The report is sent to the Authority's Senior Management Team for final discussion.
- 2.1.5 In addition, the Authority also produces a Quarterly Performance Report. Prior to publication, quality control arrangements are in place to ensure that relevant officers are satisfied as to its accuracy. This can however lead to a time lag in publishing.

2.1.6 We confirmed that the first three quarterly reports had been published at the time of our review and that the last quarter was on target for publication. The Quarterly Performance Report is compiled by the Performance Support Officer and approved by the senior Management Team. Once the Senior Management Team have agreed the report it is placed on the next authority meeting for members.

2.2 Control Objective – Suitable Risk Management arrangements have been developed, introduced and maintained.

2.2.1 Testing confirmed that this control objective is being met.

2.2.2 As part of the review, we confirmed that the Risk Register is updated on an annual basis by the Senior Management Team and presented to the Authority meeting in April each year.

- 2010/11 Risk Register was presented to the Authority meeting on the 16th April 2010;
- 2011/12 Risk Register was presented to the Authority meeting on the 15th April 2011;

2.2.3 Testing confirmed that the 2011/12 register had been updated to include all outstanding risks from the previous year's register. We noted that risks had moved up / down the register as a consequence of the review during the year.

2.2.4 A sample of 8 risks was selected and we identified any changes in the risk score over the two years. We then met with the Corporate Services Manager who manages the Risk Register and obtained supporting documentation for the amendments to the risk scores.

2.2.5 We met with the appropriate managers and confirmed that the risk scores had been amended after appropriate consultation. In all cases appropriate evidence was provided to support the reason for any changes.

2.3 Control Objective - There is a robust mechanism for the gathering of assurances and evidence for the production of the Annual Governance Statement and its subsequent approval.

2.3.1 Testing confirmed that this control objective was in the main complied with.

2.3.2 The Authority initiated a Primary Assurance Group (PAG) to administer the completion of the Annual Governance Statement and we confirmed that terms of reference had been produced and approved by the Authority.

2.3.3 The purpose of the group is to gather and evaluate the necessary assurances as to the operation and robustness of the control, risk and governance environment. This

information is a key driver in the production of the Authority's Annual Governance Statement and is facilitated by the completion of a self assessment template. This is based on the expected assurances as defined by CIPFA/SOLACE in the "Delivering Good Governance" publication thereby complying with best practice. The Group consists of the:

- Clerk to the Authority (Corporate Services Manager)
- Director of Finance;
- Monitoring Officer (Director of Strategy & Resources).

- 2.3.4 Since the last review in 2008/09, the group now meets four / five times a year to monitor the progress of the agreed action plan. At these meetings the action plan is updated and failing projects will be reviewed to see how they can be brought back on track.
- 2.3.5 The Corporate Services Manager also confirmed that at the end of March, every year she arranges a number of meetings to complete the following years Assessment and Annual Governance Statement. At these meetings the Group review the previous year's action plan, produce the Annual Governance Statement and produce the new Action Plan, where necessary, to drive identified improvements for the forthcoming year. At present, the meetings focus on the completion of the self-assessment, using the template to record evidence and identify improvements.
- 2.3.6 Following the meeting of this Group, and subsequent confirmation by all parties as to agreed amendments, the draft Annual Governance Statement, Action Plan and other supporting documentation are forwarded by the Corporate Services Manager to members of the Senior Management Team (SMT) for their consideration. Once agreed by the SMT the draft is presented to the Chief Executive who will challenge the statement prior to agreeing it.
- 2.3.7 The Chief Executive on agreeing the Governance Statement will then complete a statement of self assessment as the officer with overall responsibility for maintaining a sound system of internal control, risk and governance. The statement confirms that he has reviewed the draft Annual Governance Statement in producing this statement.
- 2.3.8 We confirmed that the Annual Governance Statement together with the Self Assessment and identified areas for improvement for 2010/11 were approved at the Authority meeting on 25th June 2010. We noted a signed copy by the relevant parties. It has been agreed that the 2011/12 Annual Governance Statement will be tabled at the Authority meeting on 24th June 2011 for review and update.
- 2.3.9 We undertook a sample check of evidence detailed in the self-assessment document for 2011/12 to confirm their existence / accuracy. This involved a review of relevant documents, discussion with appropriate officers and checking that source documents and processes were available.

2.3.10 In discussion with the Corporate Services Manager we confirmed that any outstanding areas for improvement scheduled for completion in 2010/11, are to be transferred in to the 2011/12 Improvement Action Plan for which approval will be sought at the Authority meeting of the 24/06/11. This will ensure a clear audit trail and accountability for both members and management.