

**INTERNAL AUDIT REPORTS**  
**WDA/49/24**

**Recommendation**

That:

1. Members note the contents of the Internal Auditor's report

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## **INTERNAL AUDIT REPORTS**

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### **Report of the Treasurer**

#### **1. Purpose of the Report**

- 1.1 The report shows Members the outcome of the recent Internal Audit reviews of the Trade Waste systems used and operated by the Authority as well as the Anti-Fraud arrangements. The report identifies for Members whether the controls at the Authority on those systems are adequate and effective.

#### **2. Background**

- 2.1 The Authority is required to maintain an adequate and effective internal audit. This service is provided for the Authority by St Helens Council's Internal Auditors, under the terms of an annual service level agreement. Each year Internal Audit prepares an audit plan, carries out audit reviews and where appropriate makes recommendations for improvements.
- 2.2 As a part of their work programme Internal Audit planned to review the Authority's arrangements for ensuring Trade Waste arrangements were had been properly accounted subject to adequate and effective control. Internal Audit's findings are set out in their report which is attached at Appendix 1.
- 2.3 Internal audit also planned to review the Authority's arrangements for the prevention of Fraud. Their findings are summarised in the report and set out in more detail at Appendix 2.

#### **3. Review of Trade Waste**

- 3.1 The review by Internal Audit was designed to gain assurance that:
- Procedures for the administration of Trade Waste collected by Waste Collection Authorities and disposed of through MRWA facilities are documented, align with the contract, and subject to regular review;

- Calculations of charges for Trade Waste handled by MRWA at their facilities is done so in accordance with the contractually agreed method; and
  - Invoices for Trade Waste charges to local authorities are raised promptly, are properly authorised, and monies owed promptly recovered.
- 3.2 The outcome of the audit has found no Key Issues to raise with Members. The level of assurance provided by Internal Audit at the conclusion of their review is '**Substantial**', suggesting that:

*“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.”*

- 3.3 This is the highest level of assurance internal audit are able to provide.

#### **4. Review of anti- Fraud arrangements**

- 4.1 The review by Internal Audit was designed to assess how well the Authority aligned with CIPFA's anti-fraud principles:
- Acknowledge the responsibility of the governing body for countering fraud and corruption;
  - Identify the fraud and corruption risks;
  - Develop an appropriate counter fraud and corruption strategy;
  - Provide resources to implement the strategy; and
  - Act in response to fraud and corruption.
- 4.2 The outcome of the audit confirms that the Authority has a zero tolerance approach to Fraud, but also makes a number of recommendations which have been agreed and which will be implemented on the timescale agreed:
- 4.3 The outcome of the audit is that there is 'Reasonable' assurance around the system. This means that:
- “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.”*
- 4.4 There were no Key Issues that the auditor seeks to bring to the attention of Members.

## **5. Risk Implications**

5.1 The level of opinion provided as a result of this review by Internal Audit gives assurance about the controls on the way that the authority manages Trade Waste. The agreed recommendations for improvement, particularly in respect of the Fraud arrangements mean that the Authority will be better placed to manage these issues going forwards.

## **6. HR Implications**

6.1 There are no HR implications associated with this report

## **7. Environmental Implications**

7.1 There are no environmental implications associated with this report.

## **8. Financial Implications**

8.1 There are no new financial implications arising from this report

## **9. Legal Implications**

9.1 There are no legal implications associated with this report

## **10. Conclusion**

10.1 Internal Audit complete their agreed programme of work to ensure the Authority is managing the risks it faces. In this case the risks attached to trade waste systems have been reviewed and the conclusion is that the Authority can take a substantial level of assurance about the way those systems are being managed and controlled.

10.2 In respect of the Fraud risk arrangements the implementation of the recommended actions will contribute to a further strengthening of this important risk.

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