

At a meeting of the West London Waste Authority - Audit Committee held on Friday, 29 January 2016 at 10:00am at the Committee Room 1, Civic Centre, Lampton Road, Hounslow.

**Present:**

Councillor Amritpal Mann (Chair)

Councillors Keith Burrows and Eleanor Southwood

Independent Member - Andrea White

**12. Minutes of the meeting held on 18 September 2015**

The minutes of the meeting held on 18 September 2015 were confirmed.

**13. Matters arising from the minutes - Risk Register (minute 9)**

The contract dispute with SITA had been resolved and the related risk had been removed from the Risk Register.

**14. Declarations of interest**

There were no declarations of interest.

**15. Internal Audit Update**

See report of the Director and Treasurer (agenda item 5).

Jay Patel, Head of Finance and Performance, introduced the report. Andrea white commented that the individual audit reports were very helpful and clear about impacts. In relation to the audit of contracts and procurement she questioned whether the timescales for implementation might mean that major procurements might take place before the recommendations were implemented. Jay Patel indicated that there were some contract extensions but nothing significant.

Andrea White also questioned how low risk recommendations were tracked and monitored. Martyn White stated that implementation of low risk recommendations was delegated to managers who had a greater degree of discretion. They could take the view that some recommendations didn't have sufficient value to merit implementation or in other cases it might take some time to implement. In future reports Martyn White undertook to summarise how low risk recommendations were dealt with - using the "Treat, Tolerate, Transfer or Terminate" template.

**Resolved -**

- a) That the progress with implementing recommendations be noted.
- b) That the areas under consideration for the 2016/17 internal audit plan be noted.

**16. Internal Audit Review - Contracts and Procurement**

See report of the Internal Auditor (agenda item 6).

Martyn White, Internal Auditor, introduced the report. He highlighted the main findings and recommendations. In responding to the questions raised by Members of the Committee the following additional information was provided.

The Contract and Tender Regulations did require updating and this was due to be undertaken by 31 March 2016. However there had been no issues found of non-compliance and therefore this recommendation was regarded as amber as opposed to red. A service level agreement had been set up between the Authority and the London Borough of Harrow procurement team for support on procurement matters. This included advice on electronic tendering and access to the e-tender portal.

It was acknowledged that the example of a Single Tender Action (a contract for the recycling carpets) could potentially exceed the OJEU threshold over the life of the contract. However an assessment had been made of the exposure to risk and the fact that the market was not yet mature enough to merit entering into a long-term contract. The risk of challenge to this approach was low and it would be reviewed.

There had been a delay in implementing the recommendation to provide training on the Public Contract Regulations 2015 because it was necessary to find a suitable external course.

The recommendation concerning a quarterly verification exercise of the contract register had already been implemented.

The report was noted.

#### **17. Internal Audit Review - Trade and Other Income**

See report of the Internal Auditor (agenda item 7).

Martyn White, Internal Auditor, introduced the report. He confirmed that the recommendation to produce invoices within one week of receiving data had been already implemented. It was also confirmed that updated financial regulations had been approved by the Authority at its December meeting. As agreed earlier in the meeting Martyn White undertook to report back on the approach to low risk recommendations after discussion with the relevant manager.

The report was noted.

#### **18. Internal Audit Review - Waste Tonnage**

See the report of the Internal Auditor (agenda item 8).

Martyn White, Internal Auditor, introduced the report. It was stated that the recommendations from the Audit had been implemented and addressed.

The report was noted.

#### **19. Risk Register**

See the report of the Director (agenda item 9).

Jim Brennan, Director, introduced the report.

With reference to risk P3 (c) concerning the construction and commissioning of the new energy from waste facility, he reported that there was a delay in commissioning. However this

was addressed in the report to the Authority meeting which followed this meeting.

With reference to risk E17 concerning an equal pay claim from a former employee, the Authority was assessing whether there may be any wider implications.

**Resolved -**

That the Risk Register be noted.

**20. External Audit - Audit Plan for 2015-2016**

See the report of the External Auditor (agenda item 10).

Helen Thompson, External Auditor, introduced the proposed Audit Plan for the year ending 31 March 2016. She referred to the “financial statement of risks” which was set out at section 2 of the Plan. She also referred to their approach to “value for money risks” which were set out in section 3 of the Plan. She stated that there would be a 25% reduction in the External Audit Fee compared to the previous year. In response to a question she stated that Ernst & Young were also the External Auditors for the Western Riverside Waste Authority.

**Resolved -**

That the External Audit Plan for the year ending 31 March 2016 be noted.

**The meeting finished at 10:40 am.**

The minute taker at this meeting was Mike Smith