INTERNAL AUDIT

Final Assurance Report 2016/17

Waste Minimisation

17th January 2017

Overall IA Assurance Opinion:

LIMITED

Recommendation Overview:

High Risk	1
Medium Risk	2
Low Risk	1
Notable Practice	0

Review Sponsor:

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Report Distribution:

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Ownership of all final Internal Audit assurance reports rests with the relevant Review Sponsor.

1. Introduction

1.1   This risk based IA assurance review forms part of the 2016/17 IA Plan. The purpose of this review is to provide assurance to the West London Waste Authority (WLWA) Officers Team and the Audit Committee over the key risks in relation to Waste Minimisation.

2. Background

2.1   In 2010 it was agreed that the Authority should take the lead role to deliver the campaigns agreed by the constituent boroughs in the Waste Prevention Strategy (2011 – 15) and yearly Waste Prevention Action Plans (WPAP). The Waste Minimisation (WM) Team delivers the campaigns which target the five key waste streams of food, textiles, waste electrical and electronic equipment, furniture and nappies. The WM Team is also responsible for the Authority's website, intranet, social media, and media communications.

2.2   Each year a new WPAP is developed in consultation with the constituent boroughs. The Waste Prevention Strategy, yearly action plans and the progress against actions in the plan are reported to the constituent boroughs and published on the Authority's website. All actions in the WPAP are focused on giving residents quick and easy options to make changes at home, school or work, showcasing inspirational ideas, and encouraging a person to think more about waste or rather how an item is not waste after all.

2.3   The Authority is aware that the constituent boroughs are facing yet more on-going reductions in funding and that they are having to fundamentally review services, which have been the accepted minimum provision for many years. Boroughs are looking at innovative ways of managing the demand for these services and trying to identify opportunities to change behaviours, to remove service pressures in the future. Waste minimisation and increasing reuse and recycling are obvious areas of opportunity with scope to have a significant positive impact. To achieve the best results, this type of initiative requires joint working between the Authority and one or more of the boroughs.

2.4   Consultation with the constituent boroughs about the activities in the 2016/17 WPAP began in July 2015. After three phases of discussions, which included meetings, calls and emails, from the end of July until mid-October the proposed 2016/17 WPAP was reported to the Authority for approval in December 2015.

3. Executive Summary

3.1   Overall, the IA opinion is that we are able to give **LIMITED** assurance over the key risks to the achievement of objectives for Waste Minimisation. Definitions of the IA assurance levels and IA risk ratings are included at **Appendix C**. An assessment for each area of the scope is highlighted below:

Scope Area	IA Assessment of WLWA
Policies and procedures	**Substantial Assurance -** The Waste Minimisation team were found to have sufficient procedures in place. Engagement with the community is one of the key functions of the team and we found sufficient event safety checklist and evaluation forms in place.
	Several of the themed events such as Get Swishing and Love Food Hate Waste were also found to have their own checklists. This ensures a standardised approach is taken by staff when attending events.
	We also found a robust and consistent process for approving the Waste Prevention Action Plan (WPAP) as part of the September Authority meeting.

Scope Area	IA Assessment of WLWA
Roles and responsibilities	**Substantial Assurance -** Roles and responsibilities within the Waste Minimisation Team are clearly defined, evidenced through detailed job descriptions. Further, job descriptions were found to be accessible to all staff members via the Authority's intranet and included key information, enabling staff to exercise their role.
Waste Prevention Strategy	**No Assurance -** The Authority's Waste Prevention Strategy (WPS) covers a five year period 2011 to 2015 and thus was deemed out of date. We are aware that the WPS will be incorporated as a key part of the revised Joint Waste Management Strategy, replacing the current West London Joint Municipal Waste Management Strategy.
	Nevertheless, the WPS has not been updated since its approval in 2010 and it is our opinion that the absence of an active WPS has hindered the effectiveness and strategic alignment of the WPAP, decreasing the likelihood in the achievement of the Authority's waste prevention and reuse objectives, detailed within the WLWA Business Plan 2016/17 - 2018/19.
Waste Prevention Plan	**Limited Assurance -** We were pleased to report that the Authority produces an annual Waste Prevention Action Plan (WPAP) in consultation with the constituent boroughs, approved at the December Authority meeting. In the absence of a WPS, the WPAP provides a plan for work for the year, aimed at saving money for both boroughs and residents.
	Review of the 2016/17 WPAP established that targets derive from planned activities rather than quantitative data or activities constructed as a result of an identified strategic need or target area for waste minimisation. Furthermore, we were unable to evidence clear alignment between performance indicators for waste prevention and reuse detailed within the Business Plan 2016-19 to the WPAP.
	It is our opinion that the quarterly performance update of the WPAP is effective and well constructed, providing an effective overview of performance in the period. However, our review of the 2016/17 Quarter progress reports identified discrepancies in the data reported. These inaccuracies were found to be in the authority's favour relating to an understatement in the number of people conversed with as well as the amount of promotional materials provided. Nevertheless, it is integral that data reported is accurate and reliable to ensure effective performance management.
Monitoring and reporting	**Reasonable Assurance -** Overall, we found effective controls in the monitoring and reporting of waste minimisation activities. Updates on waste minimisation are provided in several different forms, allowing management to monitor the progress of the WPAP, taking action where necessary. The Authority produces an annual review of the WPAP with this confirmed to be undertaken for both the 14/15 and 15/16 financial years with both documents communicated and available to stakeholders via the Authority's website.

Scope Area	IA Assessment of WLWA
	As aforementioned, quarterly progress reports of the Waste Prevention Action Plan are produced. However, during our testing we noted the absence of the 2015/16 quarter four progress report.

3.2 The detailed findings and conclusions of our testing which underpin the above IA opinion have been discussed at the exit meeting and are set out in section four of this report. The key IA recommendations raised in respect of the risk and control issues identified are set out in the Management Action Plan included at **Appendix A**. Good practice suggestions and notable practices are set out in **Appendix B** of the report.

4. Detailed Findings and Conclusions

4.1 Policies and procedures

4.1.1 The Waste Minimisation (WM) Team delivers the campaigns which target the five key waste streams of food, textiles, waste electrical and electronic equipment, furniture and nappies. The WM Team is also responsible for the Authority's website, intranet, social media, and media communications. Throughout this review we have undertaken testing in regards to the WM Team's key policies, the WPS and WPAP.

4.1.2 We established that a large proportion of the work undertaken by the WM Team involves attending events, such as the Love Food Hate Waste and the Swishing events. It was established that the key concern at such events is safety and we are pleased to confirm that sufficient guidance is in place in the form of an events safety checklist, completed for each event attended. Upon review we confirmed that captures key details such as venue, key contact, emergency procedures as well as an incident reporting mechanism.

4.1.3 The WM Team report on events and provide analysis of the amount of people they have spoken to and the amount of promotional materials provided to the public to raise awareness. Uniform and consistent processes were found to be in place in relation to the recording of such data through an event monitoring and evaluation sheet.

4.2 Roles and responsibilities

4.2.1 The main changes between the 2015/16 and 2016/17 WPAPs relate to an increased budget for staff to attend events, the addition of food waste recycling, direct working with local furniture re-use charities, a new nappy trial pack and educational resources for the new education centre at Victoria Road waste transfer station. In light of this, the 2016/17 WPAP provided for new additions to the team including a 1 year fixed term Senior Waste Minimisation Officer and additional Events Assistants as well as the extension of the fixed term contract for the Waste Minimisation Officer and the existing Events Assistants.

4.2.2 The WM Team has been appropriately structured to achieve the 2016/17 WPAP and currently consists of three specified roles of the Waste Minimisation Officer, Waste Minimisation Coordinator and the Events Assistants. We confirmed that each of these roles were mapped to the Authority's organisation chart, supported by individual job descriptions which are made available to all staff members via the authority's intranet.

4.2.3 Due to the limited number of positions within the team we analysed each of the three job descriptions confirming that they contained duties, responsibilities, reporting lines, person specification and qualifications required. Our review confirmed that the Waste Minimisation Co-ordinator has been assigned responsibility to write, amend, implement and review the WPS and Action Plan for the WLWA and Constituent Boroughs as well as monitoring the waste minimisation actions of the Constituent Boroughs.

4.3 Waste Prevention Strategy

4.3.1 Waste prevention is the most sustainable waste management option, sitting at the top of the waste hierarchy. By not generating waste in the first place, the need to handle, transport, treat and dispose of waste is eliminated, which reduces the associated costs and environmental impacts. At the request of the Constituent Boroughs the Authority took the lead on waste prevention and re-use from 2011 due to the significant opportunities for environmental and cost savings in this area, producing a Waste Prevention Strategy (WPS).

4.3.2 The Authority's WPS, approved in 2010, covered a period of five years from 2011 to 2015 and thus was deemed out of date at the time of this review. Whilst we are aware that a WPS will form a key part of the revised Joint Waste Management Strategy, replacing the current West London Joint Municipal Waste Management Strategy, the Authority currently lacks an overarching strategy to drive waste prevention.

4.3.3 The Authority has incorporated waste prevention and reuse as part of the WLWA Business Plan 2016-2019 with a clear objective to "deliver a comprehensive waste prevention strategy and waste minimisation campaign to support achievement of 50% recycling by 2020 and the proposed new target of 65% recycling by 2030". This objective is underpinned by five key activities and eight key performance indicators.

4.3.4 It is our opinion that the absence of an active WPS has hindered the effectiveness and strategic alignment of business plan to the WPAP, decreasing the likelihood of achievement of the Authority's waste prevention and reuse objectives. As a result we have raised a recommendation aimed at mitigating the associated risk (refer to **Recommendation 1** in the Management Action Plan at **Appendix A**).

4.4 Waste Prevention Action Plan

4.4.1 Each year a new WPAP is developed in consultation with the Constituent Boroughs. All actions in the WPAP are intended to be focused on giving residents quick and easy options to make changes at home, school or work, showcasing inspirational ideas, and encouraging a person to think more about waste or rather how an item is not waste after all. In the absence of the WPS, the WPAP provides an active work programme of waste minimisation activities throughout the year.

Target Setting

4.4.2 We obtained the 2016/17 WPAP, approved by the Authority in December 2015. Our review established that the WPAP is separated into the following sections of food, textiles, furniture, electrical items, nappies and general. At least one activity is listed under each section with targets derived from these activities. For example, Love Food Hate Waste (Activity Fo1) involves promoting the benefits of planning, storage, understanding dates, perfect portions and leftover recipes with a target set to hold two large scale events.

4.4.3 Our review of the 2016/17 WPAP confirmed that the activities listed within will work towards the Authority goal in reducing household waste. However, it is our opinion that the activities should derive from targets such as the five key activities and eight key performance indicators that underpin the WLWA Business Plan's aimed to "deliver a comprehensive waste prevention strategy and waste minimisation campaign to support achievement of 50% recycling by 2020 and the proposed new target of 65% recycling by 2030".

4.4.4 It was noted that the objectives within the previous Waste Prevention Strategy detailed the exact tonnage amount of waste that the Authority planned to reduce. It is our opinion that this is currently absent within the WPAP and that there is a lack of quantitative data to clearly evidence that activities undertaken within the WPAP are preventive waste and impacting upon the level of recycling throughout the constituent boroughs.

4.4.5   We believe that the Authority could benefit from SMART quantitative targets based on current tonnage data, aligned to the business plan objective / revised Joint Waste Management Strategy, to provide transparency as to how the WPAP (and each activity within) is helping to achieve corporate objectives, justifying budgeted expenditure. Subsequently, we have raised a recommendation aimed at mitigating the associated risk (refer to **Recommendation 2** in the Management Action Plan at **Appendix A**).

Approvals

4.4.6   Consultation with the constituent boroughs regarding the activities in the 2016/17 WPAP began in August 2015. After three phases of discussions, which included meetings, calls and emails, feedback on the WPAP was received from Constituent Boroughs in October 2015 to allow the budget to be calculated ready for the Authority's budget setting process. The final version of the plan for 2016/17 was presented to the Authority meeting on 11th December 2015 for approval by Members.

4.4.7   We are pleased to confirm that sufficient evidence was maintained to support this consultation process. The process undertaken by WLWA in approving the WPAP ensures that the construction of the plan is clear and transparent. The WPAP produced is therefore tailored to the requests of the boroughs with several opportunities for key stakeholders to provide input. We did however note that the WM Team only received comments on the draft 16/17 WPAP from three Boroughs (Harrow, Ealing and Brent). This may highlight a lack of engagement from the Boroughs.

Performance Measurements

4.4.8   We used the 16/17 WPAP for testing in regards to performance measurements. Within the WPAP there are 18 activities, with corresponding targets. We therefore sampled the quarter one progress report, and can confirm that each of the 18 activities were reported on, with the budgets detailed and RAG (Red, Amber and Green) rated.

4.4.9   It is our opinion that the quarterly performance update of the WPAP is effective and well constructed, providing an effective overview of performance in the period. However, our review of the 2016/17 Quarter One progress report identified discrepancies in the data reported. These inaccuracies were found to be in the authority's favour relating to an understatement in the number of people conversed with as well as the amount of promotional materials provided.

4.4.10   The WM Team maintain a spreadsheet (2016-17 Engagement Spreadsheet) to capture key details from the events held, such as the amount of people they have spoken to and the amount of promotional leaflets they have given out. This data is then fed into the WPAP Q1 progress report. Our testing highlighted several discrepancies when comparing data within the Q1 Progress Report to that recorded on event checklists and the engagement spreadsheet. For example we found:

Target	Quarter 1 WPAP Progress Report	Event Safety Checklists	Engagement Spreadsheet
Events attended	12	12	12
Individuals spoken to	1,696	2,041	2,616
Promotional material	2,394	2,597	2,781

4.4.11   Based on the above data, we can conclude that the WM Team have underreported their achievements, as they have in fact spoken to more people and provided more promotional materials then detailed within the Q1 Progress Report. Nevertheless, it is integral that data reported is accurate and reliable to ensure effective measurement, monitoring and scrutinising performance and a recommendation has therefore been raised to improve the control framework within this area (refer to **Recommendation 3** in the Management Action Plan at **Appendix A**).

4.5   Monitoring and reporting

4.5.1   Each quarter the progress against actions in the WPAP are reported to the Authority, constituent boroughs and then published on the Authority's website. As part of our testing we reviewed the monitoring and reporting cycle for the 2015/16 WPAP. We are pleased to report that detailed progress against each activity is reported, including a Red, Amber Green (RAG) status. However, we noted that the progress report had only been produced for 3 of the 4 quarters reducing oversight and accountability of deliverables within the WPAP. As this appears to be an isolated issue a low priority recommendation has therefore been raised to address this (refer to **Recommendation 4** in the Management Action Plan at **Appendix B**).

4.5.2   Analysis of the 2015/16 three quarterly progress reports available confirmed that each was communicated to stakeholders via the WLWA website, each providing a RAG rating status update against the 18 activities within the original 2015/15 WPAP. The Authority produces an annual review of the WPAP with this confirmed to be undertaken for both the 14/15 and 15/16 financial years with both documents communicated and available to stakeholders via the Authority's website.

4.5.3   Overall, we found effective controls in the monitoring and reporting of waste minimisation activities. Updates on waste minimisation are provided in several different forms, allowing management to monitor the progress of the WPAP, taking action where necessary.

5. Acknowledgement

5.1   Internal Audit would like to formally thank all of the officers contacted during the course of this review for their co-operation and assistance. In particular, the Waste Minimisation Team, whose advice and help were gratefully appreciated.

6. Internal Audit Contact Details

This audit was led by: Matteo Biondi, CIA
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                                Senior Internal Audit Manager

Thank you,

Muir Laurie FCCA, CMIIA
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Management Action Plan

No.	Recommendation	Risk	Risk Rating	Risk Response	Management Action to Mitigate Risk	Risk Owner & Implementation date
1	The Authority should consider long term strategic objective setting to waste prevention and reuse to provide clear quantifiable objectives to help inform the development of the Waste Prevention Action Plan (WPAP) (para. ref 4.3.4).	*In the absence of a Waste Minimisation/Prevention Strategy there is an increased likelihood that an unstructured approach to waste minimisation is undertaken by the Authority and across the constituent boroughs, decreasing the likelihood in the achievement of the Authority's waste prevention and reuse objectives.*	**HIGH** 🔴	**TREAT**	The Business Plan (currently being reviewed) and Joint Waste Management Strategy will be reviewed defining appropriate objectives.	*Managing Director* *(Emma Beal)* *30th September 2017*
2	Management should consider reviewing the WPAP targets to provide transparency as to how the WPAP (and each activity within) is helping to achieve corporate objectives of the business plan / revised Joint Waste Management Strategy. WPAP activities should then be constructed, devised and cascaded from these targets (para. ref 4.4.5).	*Where performance requirements, targets and conditions are not aligned to strategic aims there is an increased likelihood that activities undertaken do not work towards the corporate aim. This could have direct financial implications on the Authority and constituent boroughs through the sustained use of landfill with increased potential for adverse publicity.*	**MEDIUM** 🟡	**TREAT**	Waste prevention work will be aligned to objectives within the updated business plan with appropriate targets.	*Waste Minimisation Coordinator* *(Sarah Ellis)* *31st March 2017*

*Please refer to **Appendix C** for Risk Response definitions.*

Management Action Plan						
No.	**Recommendation**	**Risk**	**Risk Rating**	**Risk Response**	**Management Action to Mitigate Risk**	**Risk Owner & Implementation date**
3	Management should ensure that the data provided in the WPAP Progress report, reconciles to that recorded within the engagement spreadsheets and source documentation maintained by the team (para. ref 4.4.11).	*The accuracy, reliability and completeness of quarterly updates could be distorted in the event that source data is inaccurately recorded, distorting the validity of management information and impacting upon effective decision making.* *This increases the likelihood that performance of the service, including the WPAP, is not sufficiently scrutinised, monitored or held to account.*	MEDIUM ●	**TREAT**	Appropriate checks will be implemented to ensure the accuracy of data	*Waste Minimisation Co-ordinator* *(Sarah Ellis)* *31st March 2017*

*Please refer to **Appendix C** for Risk Response definitions.*

Good Practice Suggestions & Notable Practices Identified

No.	Observation/ Suggestion	Rationale	Risk Rating
4	The Waste Minimisation team should ensure that they produce comprehensive progress reports, for every quarter. This ensures that performance of the service, including the WPAP, will be sufficiently scrutinised, monitored or aligned to key objectives (para. ref 4.5.1).	*If effective, specific, timely and relevant management information is not in place or appropriately scrutinised there is an increased likelihood that performance of the service, including the WPAP, will not be sufficiently scrutinised, monitored or aligned to its objectives. This could have a negative effective on the decision making of the Authority.*	**LOW** ●

<u>INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS</u>

Assurance Level	Definition
SUBSTANTIAL	There is a **good level of assurance** over the management of the key risks to the Authority's objectives. The control environment is robust with no major weaknesses in design or operation. There is **positive assurance** that objectives will be achieved.
REASONABLE	There is a **reasonable level of assurance** over the management of the key risks to the Authority's objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains **some risk** that objectives will not be achieved.
LIMITED	There is a **limited level of assurance** over the management of the key risks to the Authority's objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a **significant risk** that objectives will not be achieved.
NO	There is **no assurance** to be derived from the management of key risks to the Authority's objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a **high risk** that objectives will not be achieved.

1. **Control Environment:** The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

   - establishing and monitoring the achievement of the Authority's objectives;

   - the facilitation of policy and decision-making;

   - ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the Authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;

   - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;

   - the financial management of the Authority and the reporting of financial management; and

   - the performance management of the Authority and the reporting of performance management.

2. **Risk Appetite:** The amount of risk that the Authority is prepared to accept, tolerate, or be exposed to at any point in time.

3. **Residual Risk:** The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

RISK RESPONSE DEFINITIONS

Risk Response	Definition
TREAT	The probability and / or impact of the risk are reduced to an acceptable level through the proposal of positive management action.
TOLERATE	The risk is accepted by management and no further action is proposed.
TRANSFER	Moving the impact and responsibility (but not the accountability) of the risk to a third party.
TERMINATE	The activity / project from which the risk originates from are no longer undertaken.

INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS

Risk	Definition
HIGH ●	The recommendation relates to **a significant threat** or opportunity that impacts the Authority's corporate objectives. The action required is to mitigate a substantial risk to the Authority. In particular it has an impact on the Authority's reputation, statutory compliance, finances or key corporate objectives. **The risk requires senior management attention**.
MEDIUM ●	The recommendation relates to **a potentially significant threat** or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Authority. In particular an adverse impact on the Department's reputation, adherence to Authority policy, the departmental budget or service plan objectives. **The risk requires management attention**.
LOW ●	The recommendation relates to **a minor threat or opportunity** that impacts on operational objectives. The action required is to mitigate a minor risk to the Authority as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. **The risk may be tolerable in the medium term**.
NOTABLE PRACTICE ●	The activity **reflects current best management practice** or is an innovative response to the management of risk within the Authority. **The practice should be shared with others**.