

Internal Audit Report 2021/22

West London
Waste Authority

Final
April 2022

Data Audit

Classification	Trend	By type	Control design	Operating effectiveness	Total
Substantial Assurance	N/A				
		Critical	0	0	0
		High	0	0	0
		Medium	0	0	0
		Low	2	0	2
Total findings: 2	We have not previously reviewed the area	Advisory	0	0	0



West London Waste

Treating waste as a valuable resource

Executive summary (1 of 2)

Summary of findings

This audit has been undertaken as part of the WLWA 2021/22 Internal Audit Plan.

The purpose of the audit was to review the robustness of the WLWAs controls in place in relation to data with a focus on policies and procedures, data integrity, accuracy and validity, management scrutiny and Disaster recovery.

We have raised actions to mitigate two low risk findings.

Key findings

Low Risks

- Scrutiny workflow protocols are documented from creation of reports to Board Members examination.
 - Each HRRC should provide assurance that the weighbridge in each site is functioning correctly and accurately.
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Executive summary (2 of 2)

1 *Scrutiny Workflow*

Low

2 *Weighbridge Assurance*

Low

By Scope Area

	Critical	High	Medium	Low	Advisory
Policies and Procedures	0	0	0	0	0
Data Integrity, Accuracy and Validity	0	0	0	1	0
Management Scrutiny	0	0	0	1	0
Disaster Recovery	0	0	0	0	0
Total	0	0	0	2	0

Background and scope (1 of 2)

Background

The West London Waste Authority (WLWA) Board decisions are made using data from the six constituent boroughs (The London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow, and Richmond-upon-Thames).

The WLWA has a statutory responsibility to arrange the disposal / treatment of all waste collected except for that which is withheld for recycling purposes.

The risk register created and used by the authority highlights the need to have accurate and complete data to the Management and the Board to enable informed, correct decisions to be made.

Eighteen streams of data are collected by the WLWA from Household Rubbish and Recycling Centre's (HRRC's) transfer stations and contractors. This information forms the management reporting for multiple areas including financial and load reconciliations.

Source	Description
1 - Forward Drive 2 - Greenford Road 3 - Space Way 4 - New Years Green Lane 5 - Townmead Road 6 - Abbey Road 13 - Richmond upon Thames to Richmond Central Depot	HRRC data
7 - Suez Hayes/Hayes Bulky 8 - Transport Avenue 9 - Victoria Road 10 - Southall Lane 11 - Richmond Central Depot to Country Style 12 - Richmond Central Depot to Victoria Road 14 - Harlington Depot to Victoria Road 15 - Greenford Yard to Crayford MRF	Transfer Stations data
16 - West London Composting 17 - Veolia Alperton 18 - Viridor (Lakeside, Viridor Ardley, Beddington ERF)	Contractor data

There are procedures and workflow in place to provide full scrutiny from the raw data to the management information reports which form the basis of financial, management and Board decisions.

Some of the data checks are manual and very laborious but the WLWA are working to automate some of these type of tasks.

Background and scope (2 of 2)

Scope

The audit work focused on the following areas –

Policies and Procedures

- Policies and procedures are in place and clearly state the process to be followed for validation and scrutiny of data and management information.
- Procedures are reviewed and updated on a regular basis and include best practice and changes in legislative requirements and are available to all relevant members of staff.

Data Integrity, Accuracy and Validity

- Borough data includes all required data fields consistently.
- Data is checked for errors and validated before inclusion in any management information.
- Any data assumptions made when analysing is communicated when presenting reports.
- Data is secure when received including input and output controls.
- Assurance is provided and received regarding weighbridge functionality.
- Data is requested and delivered promptly. Where it is not, data presented is transparent and amended once full data is provided.

Management Scrutiny

- Reports are scrutinised by officers at all levels prior to presenting to the Board.
- A set timetable of meetings workflows is designed and followed to ensure full scrutiny.

Disaster Recovery

- Adequate back up for data is in place for both the HRRC and the WLWA.

Limitation of scope

Our work was limited to the sub-processes and control objectives outlined above. The scope of our work also did not cover IT controls and processes, such as interfaces.

Management should be aware that our internal audit work was performed in accordance with Public Sector Internal Audit Standards 2017 (PSIAS) and the Local Government Application. The assurance grading provided in our internal audit reports are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. Our internal audit testing was performed on a judgemental sample basis and focussed on key controls mitigating risks. Our testing was designed to assess the adequacy and effectiveness of key controls in operation at the time of the audit.

Please note that in relation to the scope above, whilst our internal audit assessed the efficiency and effectiveness of key controls from an operational perspective, it is not within our remit as internal auditors to assess the efficiency and effectiveness of policy decisions.

Current year findings (1 of 2)

Scrutiny Workflow

Control Design

1

Low

Finding and root cause

Reports produced from the data provided by all sites including HRRC's, transfer stations and contractors is scrutinised before it reaches the internal decision forums or ultimately, Board Members.

The journey for data and reports is one of three ways -

- The Environment report is scrutinised by the Strategic Lead of Operations before it is sent.
- SLT papers are scrutinised by Director of Finance and the Head of Service for Delivery Contracts.
- SLT scrutinise the papers presented to them prior to going to the Chief Officers meeting.

This information or protocols are not documented anywhere but appear to be in place.

Implications

Vital scrutiny may not occur before reports are presented to forums who make decision leading to ill-informed actions being taken which may lead to financial loss or reputational damage.

Action plan

- 1) The protocols for scrutinisation of data and reports will be documented and provided to staff to understand how the decision process works.

Responsible person/title

Jay Patel (Finance Director)

Target date

30 June 2022

Current year findings (2 of 2)

Weighbridge Assurance

Control Design

2

Low

Finding and root cause

Weighbridge data from all sites is received by the WLWA and is subject to validation checks. The data contained provides the waste detail, tonnage, and vehicle information etc.

There is a 1 tonne tolerance permitted in the difference in the weight leaving the HRRC and the weight received at the transfer stations. No assurance is ever sought from sites to ensure the weighbridges are functioning correctly.

Implications

If assurances are not received regarding weighbridge functionality, there is an increased likelihood that the tonnage data is inaccurate resulting in incorrect charges and potential loss of income.

Action plan

- 1) Assurance is regularly (frequency to be agreed) obtained from each site that the weighbridge in use has been checked and is working correctly and accurately.

Responsible person/title

Tom Beagan (Head of Service Delivery)

Target date

30 June 2022

Appendix A: Basis of our classifications

Individual finding ratings

Critical

A finding that could have a:

- **Critical** impact on operational performance; or
- **Critical** monetary or financial statement impact; or
- **Critical** breach in laws and regulations that could result in material fines or consequences; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.

High

A finding that could have a:

- **Significant** impact on operational performance; or
- **Significant** monetary or financial statement impact; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences; or
- **Significant** impact on the reputation or brand of the organisation.

Medium

A finding that could have a:

- **Moderate** impact on operational; or
- **Moderate** monetary or financial statement impact; or
- **Moderate** breach in laws and regulations resulting in fines and consequences; or
- **Moderate** impact on the reputation or brand of the organisation.

Low

A finding that could have a:

- **Minor** impact on the organisation's operational performance; or
- **Minor** monetary or financial statement impact; or
- **Minor** breach in laws and regulations with limited consequences; or
- **Minor** impact on the reputation of the organisation.

Appendix B: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation, or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.