

# Internal Audit Report 2022/23

West London  
Waste Authority

Final  
August 2022

## Abbey Road Processes

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



# West London Waste

Treating waste as a valuable resource

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## Executive summary (1 of 2)

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### Summary of findings

This audit has been undertaken as part of the West London Waste Authority (WLWA) 2022/23 Internal Audit Plan.

The purpose of the audit was to review the robustness of the WLWAs controls in place in relation to the Abbey Road processes, with a focus on Administration and Asset Management.

We found a weakness in relation to the Asset Register, the process in which it is updated and the actual asset items. A system issue has also been identified which has resulted in the Weighbridge Operators not being able to view the alert to warn them of blacklisted vehicles.

We have raised actions to mitigate two Medium Risk findings.

### Key findings

#### Medium Risks

- **System Issue for Blacklisted Vehicles** – The input screen in the weighbridge system to note blacklisted vehicles is not pulling the information through to the main screen used by the weighbridge operators.
  - **Asset Management Records** – The asset register is incomplete and unreliable.
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## Executive summary (2 of 2)

**1** *System Issue for Blacklisted Vehicles*

Medium

**2** *Asset Management Records*

Medium

### By Scope Area

	Critical	High	Medium	Low	Advisory
Administration	0	1	0	0	0
Asset Management	0	1	0	0	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## ***Background and scope (1 of 2)***

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### ***Background***

West London Waste Authority (WLWA) manage the Abbey Road Waste and Recycling Centre for Brent Council. The site handles waste for both trade and residents. Residents are directed to one area on the site after they reach the weighbridge, and the load is checked. Trade vehicles are initially weighed, and specific load is checked before being directed to the correct area. The disposal is observed to ensure the load does not contain any items not declared at the weighbridge. The site also has a transfer station for all of the WLWA boroughs. The site no longer accepts case and trade customers are turned away if they cannot comply with this rule.

There are many processes to follow at the site to maintain health and safety as well as appropriate operational practices. The site is well run and has excellent records and controls. The only exception to this is the asset register.

The purpose of this audit is to assess the processes in place at Abbey Road and ensure compliance with processes is practiced with a focus on the asset register and administration.

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## Background and scope (2 of 2)

### Scope

The audit work focused on the following areas –

- **Administration including –**
  - Income reconciliations with weighbridge and payments by card.
  - Individual trade accounts reconciled to invoices.
  - Preparation for Finance to raise Invoices.
  - Debt records.
  - Accounts on hold process (blacklisted vehicles / accounts).
  - Deleted tickets system records.
  - Policies and procedures are accessible and up to date in binders.
- **Asset Management including –**
  - Records for assets are in place in the form of a register and cover details including when the asset would need replacing.
  - Asset register is regularly tested.

### 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)

## System Issue for Blacklisted Vehicles

### Operating Effectiveness

1

Medium

### Finding and root cause

When a customer/vehicle is placed on the blacklist spreadsheet, the information is keyed into the system so that weighbridge operators can see the blacklist status.

There are eighty customers / vehicles blacklisted or under a warning for the following reasons:

1. Unwanted Behaviour (e.g., rude, abusive or bribe) =21 instances
2. Runaway / Fly Tipper = 30 Instances
3. Customer Failed to Make the Payment = 9 instances
4. Cash Payer = 20 instances

Cash is no longer taken but individuals are stopped at the weighbridge and asked to pay a deposit by card if they are historically persistent cash payers. Individuals are now turned away if they only have cash. If a customer/vehicle falls into one of the categories listed, they are placed on a blacklisted spreadsheet with full details of the reason for being included; CCTV footage is also linked. A warning alert is keyed into the weighbridge system, prompting operators to check the spreadsheet if any blacklisted vehicles try to use the facility. Previous non-payments resulting in outstanding debts will need to be settled as well as upfront payment for the load they wish to dispose of is taken. A random sample of four entries on the blacklist were selected and checked on the weighbridge system to ensure the blacklist warning was clearly displayed for weighbridge operators to be notified. Only one out of the four displayed the warning. The input screens were examined and found to be in order, but the information appears to have stopped pulling the warning through to the main screen.

### Implications

- Staff safety is at risk from rude and abusive customers who may escalate to violence.
- Blacklisted vehicles continue to use the facility without paying causing financial loss.

### Action plan

- 1) The system is fixed to ensure blacklisted vehicles details are pulled through to the main screen to alert operators that preventative action or backup is required.
- 2) The blacklist spreadsheet is checked against the system to determine which alerts have been affected.

#### Responsible person/title

Arron Alison (Site Manager) and Tiago Santos (Operations and Data Officer)

#### Target date

31<sup>st</sup> October 2022

## Current year findings (2 of 2)

### Asset Management Records

#### Control Design

# 2

**Medium**

### Finding and root cause

The WLWA retain an asset register for the Abbey Road site to list all the equipment valued above £500. The register also records desirable items such as mobile phones which may be less than £500 but more likely to go missing.

The Abbey Road asset register is not retained on site. On an annual basis, a member of the finance team would visit the site and test the register against the actual equipment to keep the register up to date.

The register was examined, and a sample selected to test, and the following issues were found:

- The Register did not have any serial numbers or factory codes listed, very few assets model numbers, no purchase dates, disposal dates and any amount of money from disposal were not noted or where they went and there was no fields to record an estimated replacement date.
- The register had twelve new assets listed but none had been assigned an asset sticker for identification. This was updated during the audit with seven assets now without asset stickers.
- Sample of Five Requested –
  - Two out of five assets (WLWA 0007 and WLWA 0020) were bin containers which were recently painted black, and the asset stickers were painted over and had not been replaced.
  - One out of five assets (WLWA 0048) was sold a few years ago, but this is not recorded on the register.
  - Two out of five assets (WLWA 0186 and WLA 0118) were found, asset pictures provided along with pictures of asset stickers.

It was noted that the Operations Manager had a new phone with an asset sticker (WLWA 0185) which was not listed on the register.

### Implications

- The register becomes completely unreliable and redundant in the event of an insurance claim.
- Theft of items go unnoticed and difficult to recover without any identification numbers listed.
- Funds to replace equipment is not budgeted for as life span of machinery is unknown.
- Unauthorised disposals are undertaken without the knowledge of Senior Management.

## Action plan

- 1) The Abbey Road site will manage their own asset register whilst updating the finance team on any changes that occur so they can update their copy. All fields will be completed so it is clear what the asset is, the sticker number and if it has been disposed of or not. If an asset has been disposed of in the authorised way, the date of disposal and amount of money received should be noted as well as where it went.
- 2) Factory codes or individual serial numbers should be noted so stolen items have a chance at being recovered in the event of a theft. Model numbers should also be included in the description field.
- 3) The estimated date to show life span of asset should be added to alert people when an expensive asset could need replacing.
- 4) Once an item is purchased, it is immediately stickered and noted on the register. The team should be allocated a batch of stickers to use.
- 5) Any items re-painted should be done carefully or have a new sticker applied once dry. The register should be amended to show the new sticker and a cell comment to show what the sticker used to be.
- 6) The site team should check all the assets to ensure they are on the list and stickered. The site team should perform their own spot checks.
- 7) Once per year, an independent audit is held as it is now, but the two registers (site and finance) are matched to ensure accurate records are maintained at the head office and on site.

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### **Responsible person/title**

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Xenab Khan (Finance Officer) and Arron Alison (Site Manager)

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### **Target date**

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30<sup>th</sup> November 2022

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## 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.