

London Waste & Recycling Board (Operating as ReLondon) **DRAFT**

Finance Report Q4 2020/21 (Pre final Investment reports and Y/e adjustments)

Profit & Loss Summary

For the 12 months to 31st March 2021 LWARB interest and funding of £595k was above budget by £257k, this was however offset by a negative £642k asset revaluation. Budget** underspend on programmes (£808k) and overheads (£189k), led to a net spend of £3.3m compared to a budget of £4.0m.

Business Transformation (formerly Advanced London) underspend £68k, Local authority support and Communications and behaviour change (Resource London) underspend £621k, Business and sector support (Circular London) under budget by £118k.

LWARB P&L summary to 31/03/2021

P&L	Actual Q4 2020/21	Budget Q4 2020/21	Variance	%	FY Budget 2020/21	%
£000	£000	£000	£000			
Income						
Bank Interest and other income	86	-	86	-	-	-
Funding	509	338	171	51%	338	151%
Asset sale/revaluation	(642)	-	(642)	-	-	-
Total income	(46)	338	(384)	51%	338	151%
SME support	(354)	(422)	68	-16%	(422)	84%
Local authority support, Comms & BC	(1,062)	(1,683)	621	-37%	(1,683)	63%
Business and sector support	(540)	(658)	118	-18%	(658)	82%
Total Programme spend	(1,955)	(2,763)	808	-29%	(2,763)	71%
Overheads						
Rent & rates	(361)	(359)	(1)	0%	(359)	100%
Staff Costs*	(653)	(731)	79	-11%	(731)	89%
Other Overheads	(330)	(442)	112	-25%	(442)	75%
Total Overheads	(1,344)	(1,532)	189	-12%	(1,532)	88%
Profit/Loss	(3,345)	(3,958)	613	-15%	(3,958)	85%

* Core staff cost – excludes most dedicated programme staff, whose costs are included in relevant programme budget lines

** Budget as per 5-year budget published April 2019. A revised budget plan was provided to the board in the delivery plan review 25/02/21 and is included in Appendix A for comparison purposes.

Expenditure Summary

LWARB's cash position at year-end is £1.8m higher than budget. This is the result of cash expenditure being down on both operating costs and investments. See cash analysis for full breakdown.

LWARB expenditure summary to 31/03/2021	YTD Actual	YTD Budget	Var.	%	FY Budget	%
Opening cash	18,537	19,429	(892)	-5%	19,429	95%
Net Income / (Expenditure)	(3,345)	(3,958)	613	-15%	(3,958)	85%
Decrease in equity investments	642	0	642	-	-	-
(increase) in equity investments	(704)	(2,405)	1,701	-71%	(2,405)	29%
Other	(255)	0	(255)	-	-	0%
Net Income / (Expenditure)	(3,662)	(6,363)	2,701	-42%	(6,363)	58%
Closing cash	14,875	13,066	1,809	14%	13,066	114%

LWARB Income and Expenditure detail

Income & Expenditure (£000s)															
London Waste and Recycling Board															
For the 3 months ended 31 March 2021															
	Period							YTD							Commentary line
	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	Actual	Budget	Variance	%	Prior Year	Variance (Actual to Prior Year)	%	
Income															
Bank interest receivable	14	-	14		91	(77)	-85%	86	-	86		199	(113)	-57%	1
C&A Foundation	14	-	14		27	(13)	-47%	36	-	36		111	(75)	-67%	2
Grant income	63	67	(4)	-6%	253	(190)	-75%	202	268	(65)	-24%	413	(210)	-51%	2
Loan interest income	-	-	-		-	-		-	-	-		-	-		
Other income	123	20	103	515%	74	49	66%	270	70	200	286%	117	153	131%	3
Total Income	214	87	127	146%	445	(231)	-52%	595	338	257	76%	840	(245)	-29%	
Programme Expenditure															
Advance London programme expenditure	103	106	(2)	-2%	105	(1)	-1%	354	422	(68)	-16%	458	(104)	-23%	5
C&A Foundation costs	-	-	-		37	(37)	-100%	-	-	-		122	(122)	-100%	
Circular Economy - Reusable Buildings	-	-	-		0	(0)	-100%	-	-	-		0	(0)	-100%	
Circular Economy Accelerator programme	-	-	-		54	(54)	-100%	-	-	-		237	(237)	-100%	
Circular Economy programme expenditure	143	161	(18)	-11%	81	62	77%	539	658	(119)	-18%	275	264	96%	6
Investment programme costs	0	-	0		-	0		0	-	0		8	(8)	-95%	
Impairment losses	-	-	-		768	(768)	-100%	642	-	642		376	265	71%	8
Resource London programme expenditure	194	416	(222)	-53%	492	(298)	-61%	1,062	1,683	(621)	-37%	1,776	(714)	-40%	4
Total Programme Expenditure	441	683	(242)	-35%	1,537	(1,096)	-71%	2,597	2,763	(167)	-6%	3,252	(656)	-20%	7*
Administrative Expenditure															
Staff costs	175	74	101	136%	167	9	5%	653	731	(79)	-11%	610	43	7%	9
Serviced Accomodation	-	-	-		-	-		-	-	-		-	-		
Professional fees	(10)	12	(22)	-180%	14	(24)	-173%	26	50	(24)	-49%	22	4	16%	10
Professional Fees - Office Move	-	-	-		9	(9)	-100%	-	-	-		23	(23)	-100%	
Office Rent	90	90	0	0%	61	29	48%	361	359	1	0%	242	119	49%	11
Office expenses	6	10	(4)	-39%	8	(2)	-19%	21	42	(21)	-49%	29	(8)	-28%	12
Other overheads	92	191	(98)	-52%	100	(7)	-7%	283	350	(67)	-19%	190	93	49%	12
Total Administrative Expenditure	354	378	(23)	-6%	358	(4)	-1%	1,344	1,532	(189)	-12%	1,116	228	20%	13
Net Income / (Expenditure)	(581)	(974)	392	40%	(1,450)	868	60%	(3,345)	(3,958)	613	15%	(3,528)	183	5%	14

*Impairment losses treated as outside programme spend in commentary

NB – Table above is a download from the Xero Finance system and some headings such as “Resource London” still need to be updated for the rebrand.

LWARB Income and expenditure commentary

1. £86k of interest on reserves with the GLA were received in the year and £14k accrued for Q4. Note the interest received has reduced from 0.69% to 0.34%, see note in Appendix C.
2. Grant income to March 2021 was £238k. This consists of accrued EU funding under the SME support ERDF programme of £186k, EU funding of £16k CircE, and £36k from the Lourdes Foundation.
3. Other income at £270k is £200k more than budget. The £270k figure includes £199k relating to Circuit (the budget excluded Circuit as this was taken to be net Zero with all expenditure being reclaimed). In addition, £50k of new funding received for FoodWave.
4. Local authority support programme expenditure is £1.1m which is 37% (£621k) under budget for the full year. Included in this figure is staff £573k and discretionary expenditure of £489k). The underspend is primarily due to delays in project deployment as a result of the disruption caused by the COVID pandemic. Additionally, some underspend relates to saving in the staffing budget, where one post has remained unfilled. A credit for £66k was received in Feb'21 the year relating to 2019/20 expenditure.
5. SME support programme expenditure at £354k is 16% (£68k) under budget for the year (in-line with 50% income accrued). This is a result of staffing vacancies and reduced spending from the workshops which were moved on-line. Q4 ERDF claim for 2020/21 still to be finalised.
6. Business and sector support programme expenditure at £539k is 18% (£119k) under budget. Some significant procurement was forecast for quarter 4, delayed from quarter 3 due to staff changes, and capacity issues resulting from COVID.
7. The net effect of the above is overall programme expenditure of £2m which is 29% (£808k) under budget for the year to 31st March 2021.
8. Impairment losses of £642k relate to the downward revision of investments to December 2020, March 2021 report not yet available (see Appendix B Investment summary).
9. Central staff costs at £653k are £79k below budget mainly due to the commercial manager delayed hire £50k, the lower than budgeted cost of Fundraiser £25k, and lower board costs (due to no RL partnership board and timing of appointments).
10. Professional fees at £26k are under budget by £24k, note accruals for 2020/21 still to be finalised.
11. Rent is in line with budget at £361k.
12. Other overheads and office expenses are £304k which is £88k under budget, savings due to the office not being opened, offset to some extent by increased IT costs.
13. Overall Operating expenses are 12% (£189K) under budget for the year at £1.3m.
14. Net Expenditure at £3.3m overall is 15% (£613k) under the budget.

LWARB Balance Sheet detail and commentary

Balance Sheet (£000s)			
London Waste and Recycling Board			
As at 31 March 2021			
	Movement YTD	Closing Balance	
Fixed Assets & Investments			
Cycle	0	0	
Equity investments	62	5,839	1
Current Assets			
RL grants receivable	(83)	27	4
C A Foundation	(22)	0	
Debtors	943	1,128	2
Project loans	0	0	
Prepayments	(151)	22	3
Total Bank	(3,662)	14,875	5
Total Current Assets	(2,975)	16,052	
Current Liabilities			
Accruals	(153)	68	6
Provision for GND funding	1,005	1,005	7
Deferred income	(200)	259	8
Provision for committed project expenditure	(110)	72	9
Trade creditors	(110)	34	10
Virtual Card	(0)	1	
Total Current Liabilities	432	1,439	
Net Assets	(3,345)	20,452	
Equity			
Current Year Earnings	183	(3,345)	11
General fund	(3,528)	23,797	
Total Equity	(3,345)	20,452	

- Equity investments increased by £62k in year (£423k GLIF management fees, £281k Circularity Capital, and -£642k write down for LGF).
- Debtors stand at £1,128k, of which £1,005k is the invoice raised for the GND, this is offset in the balance sheet by the GND provision. The remaining £123k is an estimated £96k of outstanding claims with ERDF, £26k on the debtors control a/c. (£23k LB Islington, £3k NLWA)
- Prepayments of £22k relate to £10k insurance cost and £12k IT Licenses. The prior year included £167k April drawdown for Circularity Capital.
- The RL grants receivable line is a debtor of £27k ECAP. Note this needs to be written off as our part of shared cost due to ECAP going into liquidation.
- Total Bank – net £3.7m decrease in cash over the year is reconciled to the net cash outflow figure in the Cash Flow statement.

6. Accruals for 2020/21 to be finalised, figure expected to increase.
7. Provision for GND is the funding received from the GLA
8. Deferred income is the remainder of the payment received for Circuit.
9. Provision for committed expenditure reflects outstanding contractual funding commitments. The £72k relates to funding agreements with Local Authorities made under the Local authority support programme, note this figure is still to be finalised.
10. Trade Creditors - balance of £34k relates mainly to outstanding credit notes totalling £ (94)k from Ogilvy received in April, offsetting invoices of £59k less than a month old, £55k PAYE & NI, and £10k pension payments.
11. Current -year earnings reflect the P&L

LWARB Cashflow analysis and commentary

Cash Flow (£000s)

London Waste and Recycling Board

For the 12 months ended 31 March 2021

	YTD £000's	
Net Income / (Expenditure)	(3,345)	1
(Increase)/decrease in fixed assets	-	
(Increase)/decrease in project loans	-	
(Increase)/decrease in grants receivable	105	3
(increase)/decrease in equity investments	(62)	4
(increase)/decrease in debtors	(943)	5
(increase)/decrease in prepayments	151	6
increase/(decrease) in creditors	(133)	7
Increase/(decrease) in accruals	(153)	8
Increase/(decrease) GND Provision	1,005	9
Increase/(decrease) in deferred income	(200)	10
Increase/(decrease) in stamp duty		
increase/(decrease) in provision for committed project expenditure	(87)	
Net cash inflow (outflow)	(3,662)	2
Opening cash	18,537	
Closing cash	14,875	

1. Net income/expenditure is as per the Income and Expenditure previously shown above.
2. Net cash outflow £3.7m for the year is detailed above.
3. The grants receivable £105k is made up of £22k C&A, £83k Trifocal.
4. Equity investments increased by £62 in year (£423k GLIF, £281k Circularity Capital, offset by -£642k write down for LGF).
5. Debtors increase of £943k is predominantly due to the £1,050 GND (received in April).
6. The decrease in prepayments is mainly due to the £167k payment to circularity capital at the end of the previous financial year.
7. Creditors have decreased by £133k in the 12 months to March 2021.
8. Accruals are still to be finalised for 2020/21.
9. Increase in GND provision is funding from GLA.
10. Deferred income relates to Circuit income of £199k which has been recognised in the period.

Opening and closing cash reconcile to the bank account

Notes to Q4 Finance report: -

These are DRAFT numbers.

Final Investment Fund Manager reports to March 2021 not yet received, expected early June.

Accruals for 2020/21 to be finalised, figure expected to increase.

Local authority support programme committed spend figure is still being finalised, estimate around £135k.

Q4 ERDF claim for 2020/21 still to be finalised.

£26k RL Grants receivable needs to be written off as our part of shared cost due to ECAP going into liquidation

Appendix A – Budget

Due to the impact of covid on our investments it was highlighted during the year to the Audit Committee and the Board that the original 5-year budget would need to be revised (See notes from Audit Committee meetings at the end of Appendix B).

In the October Board meeting WH provided an estimate that a saving of approx. £300k per annum over the 5-year plan would be required.

No formal revised Budget for 2020/21 was presented to the board, however a revised forecast (£3m) was taken into account when preparing the annual budget for 2021/22 published on the 1st April 2021. This forecast estimated a saving in operations of approx. £1m for the year to 31st March 2021 against the 5-year Budget plan.

The table below provides a view of this revised forecast in the columns on the left, and the variance against the Draft actual numbers.

The table shows that the revised operational savings were made, and in fact are exceeded by the Draft actual numbers by approx. £300k.

While the table shows an overall adverse variance of £346k for the Draft actual numbers against the revised forecast, this is impacted by the negative investment revaluation of £642k, without which a positive variance of £296k would have resulted in line with forecast. The negative impact of the investments has been accounted for in our revision of the income from investment figures (see Appendix B).

LWARB P&L summary to 31/03/2021

P&L	Actual Q4 2020/21	Budget Q4 2020/21	Variance	%	Revised Forecast 2020/21	Variance	%
£000	£000	£000	£000		£000		
Income							
Bank Interest and other income	86	-	86	-	-	86	-
Funding	509	338	171	51%	499	10	102%
Asset sale/revaluation	(642)	-	(642)	-	-	(642)	-
Total income	(46)	338	(384)	51%	499	(545)	102%
SME support	(354)	(422)	68	-16%	(407)	53	87%
Local authority support, Comms & BC	(1,062)	(1,683)	621	-37%	(1,104)	42	96%
Business and sector support	(540)	(658)	118	-18%	(630)	90	86%
Total Programme spend	(1,955)	(2,763)	808	-29%	(2,141)	186	91%
Overheads							
Rent & rates	(361)	(359)	(1)	0%	(361)	0	100%
Staff Costs*	(653)	(731)	79	-11%	(662)	9	99%
Other Overheads	(330)	(442)	112	-25%	(334)	4	99%
Total Overheads	(1,344)	(1,532)	189	-12%	(1,357)	13	99%
Profit/Loss	(3,345)	(3,958)	613	-15%	(2,999)	(346)	112%

Appendix B – Investment summary – This appendix is considered confidential under article 18.3 of the London Waste and Recycling Board Order (2008) because it contains commercially sensitive information.

{Redacted}

Appendix C – Income summary

Income & Expenditure (£000s)				
London Waste and Recycling Board				
For the 3 months ended 31 March 2021				
	YTD			
	Actual	Budget	Variance	%
Income				
Bank interest receivable	86	-	86	
C&A Foundation	36	-	36	
Grant income	202	268	(65)	-24%
Loan interest income	-	-	-	
Other income	270	70	200	286%
Total Income	595	338	257	76%

Bank interest receivable

Income made up almost entirely of interest on GLA account

Q1 £31,685

Q2 £23,033

Q3 £17,361

Q4 £13,933 (estimated)

Total for 2020/21 £86,012 approx.

Note A. Interest on GLA account

Interest shall be calculated on the daily balance of the Loan from day to day and shall be credited quarterly to the outstanding balance of the Loan on 31 March, 01 July, 01 October and 01 January.

The interest rate payable by the GLA (Interest Rate) shall be the daily rate of return (expressed as a percentage) on the GLA Group Investment Syndicate (GIS) investments, from the date of deposit, less a fee of 2.5bp unless otherwise agreed by the Parties in writing. Fees shall be applied from the date of the first deposit. The Parties shall review the level of fees annually and any new interest rate shall be applicable from the 1st April of the financial year to which the review relates.

LOURDES FOUNDATION (FORMERLY C&A)

Received two payments this year of £44,493 and £14,233.

£22,25 was accrued for 2019/20 so £36,476 relates to 2020/21.

TBC if final payment.

Grant Income

Circe payment received £23,017 of which £6,440 relates to 2019/20, therefore £16,578 for 2020/21.

ERDF figure numbers contain payments received this year of £68,369 and £48,623 (Aug'20) relating to 2019/20. Also received £47,877 (Nov'21) and £46103 (Mar'21) relating for the first half of this year. Claim for Q3 is £48,510, and Q4 being finalised, accrued at £43k. Final estimate for 2020/21 £185k.

Other income

Circuit claims for 2020/21 totalling £199,521.

Food Wave Funding received in March 2021 £49,469.71

NB: The above funding streams will be reported separately in the new format.

Below shows the Board format available for the 2021/22 accounts onwards. The 2020/21 numbers below are draft figures as this cost structure was not previously available in the Finance system, they will need to be reworked to accurately reflect the detail within the programmes.

LWARB (ReLondon) Full Year DRAFT accounts 2020/21

		Actual	Budget	Var	Rev F'cast	Var
Local authority support, Comms & Behaviour change		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
	Staff	573	624		578	- 5
	Research, innovation & development (London lab)	2	360		74	- 72
	Behaviour Change Campaigns	0	280		163	- 163
	Focus area projects	7	80		30	- 23
	Capacity building	-	80		46	- 46
	Service advice & support (incl. RRP's)	467	209		197	270
	Circular directory	11	50		15	- 4
		1,061	1,683	-	1,104	- 43
Business and sector support		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
	Staff	436	344	92	297	139
	CE Week	-	50	- 50	29	- 29
	Research	-	50	- 50	58	- 58
	Commercialisation	-	20	- 20	11	- 11
	Investment in knowledge	-	50	- 50	17	- 17
	Focus area projects	51	100	- 49	20	30
	Corporate engagement	-	15	- 15	1	- 1
Circuit	SME support Staff	-	-	-	166	- 166
	SME support Project expenditure	-	-	-	31	- 31
GND	SMR support Circuit Funding	- 200	-	200	- 198	- 2
	SME support Staff	-	-	-	49	- 49
	SME support Project expenditure	-	-	-	-	-
ERDF	SMR support GND Funding	-	-	-	- 49	49
	SME support Staff	319	367	- 48	307	12
	SME support Project expenditure	35	55	- 20	51	- 16
	SMR support EDRF Funding	- 186	- 239	53	- 202	16
		454	812	- 358	588	- 134
Central costs		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
	Staff	653	824	- 171	662	- 9
	Office expenses	21	42	- 21	18	3
	Other overheads	169	171	- 2	173	- 4
	Office Rent	361	359	1	361	0
	Professional fees	26	35	- 9	42	- 16
	Marketing & communications	115	101	13	101	14
		1,345	1,532	- 188	1,357	- 12
Revenue programme		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
	Resource London	- 70	- 25	45	- 25	- 45
	Accreditation service	-	- 25	25	-	-
	Training	-	5	5	-	-
	Workspace	-	10	10	-	-
	Fundraising	-	-	-	- 25	25
	Sponsorship/Othe bank interest	- 86	- 5	81	-	- 86
		- 156	- 70	86	- 50	- 106
Net programme expenditure		2,703	3,958	- 632	2,998	- 295
	Asset sale	-	-	-	-	-
	Asset revaluation	642	-	642	-	642
		642	-	642	-	642
Net Profit		3,345	3,958	- 613	2,998	347



Internal Audit

FINAL

ReLondon (The London Waste and Recycling Board)

Assurance Review of Annual Governance and Accountability Return

2020/21

May 2021

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit covers all areas required by the Annual Governance and Accountability Return (AGAR) and includes, where appropriate, the key risks associated with ReLondon.

SCOPE

The aim of the audit was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit.

KEY STRATEGIC FINDINGS

- ReLondon is the operating name of the London Waste and Recycling Board**
- ReLondon is a well-run organisation with good accounting practices.**
- ReLondon, following their rebranding, have developed a new website that requires greater focus on its governance arrangements.**

GOOD PRACTICE IDENTIFIED

- Good corporate governance is practiced by the Board with appropriate Member involvement.**
- ReLondon have clear and informative Board and Committee meeting agendas and minutes.**

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	3	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The new ReLondon website looks very impressive. It clearly identifies who ReLondon are and uses colour to good effect on the site. It covers its key activities; how you can work with ReLondon; how you can get involved with ReLondon their resources, and latest developments. It is unfortunately lacking in Governance related matters which is an important part of a public body. Governance and Administration is found at the very bottom of the web pages under the quick links. This would be better placed as another feature on the "yellow" strap line at the top of each web page.	Governance and Administration to be included onto the "yellow" strap line of the webpages on the ReLondon website	3	<p><i>The auditor's comments are noted. However, we do not agree that governance and related matters should be included in the top level strap lines on the homepage. These are used for links to ReLondon's core activities and details on how stakeholders can get involved.</i></p> <p><i>As noted, a link to the governance and administration page is included in the quick links section. Governance and administration is also included in the "About us" section, which is linked to from the top of the main page. In addition, the governance page may be reached via the search function.</i></p> <p><i>The current arrangement is in line with other statutory public bodies (e.g. the London Fire Brigade, the Environment Agency) who also have links to their governance arrangements in similar positions to ReLondon's.</i></p>	N/A	Governance & Secretariat Officer

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	When you access the Governance and Administration page (via Quick Links), key governance data is difficult to find. Access to ReLondon Board members appears to be for account holders only. A number of key governance documents are missing from the website e.g.: Standing Orders, Board and Committee Structure, Risk Management Strategy. Other governance documents such as Whistleblowing and Fraud and Corruption, etc. could also be included here.	Further consideration be given to including all the key governance documents onto the website and these to be clearly listed.	3	<p>Access to Board member details requiring login and links missing to key governance documents: these are 'snagging' issues from the implementation of the new website which have now been rectified.</p> <p>Possible additional documentation to be included will be reviewed and the website updated accordingly.</p>	<p>29/04/21</p> <p>09/09/21</p>	Governance & Secretariat Officer
3	Directed	The Board has a risk management strategy which is fit for purpose and provides the overview for managing risks. Section 4.1 of the strategy requires "the officers to hold a formal risk identification and evaluation workshop once a year (with open invitations extended to internal audit and Board members) and with conclusions reported back to the Audit Committee." The auditor is not aware that this requirement has been actioned for 2020/21. Section 4.4 of the strategy states that: "The risk management framework will be reviewed annually and a risk based audit plan will be developed on the basis of this review."	Should circumstances prevent a workshop or review from taking place as required within the strategy then a waiver should be approved by the Audit Committee to formally acknowledge the situation.	3	Noted.	N/A	Governance & Secretariat Officer

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, & 2	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	3	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings













London Waste and Recycling Board are now known as ReLondon, having re-branded themselves.

Standing Orders – A comprehensive set of Standings Orders has been developed and are regularly reviewed and updated. The latest review was undertaken in June 2019 when the gifts and hospitality declaration threshold was revised. The Standing Orders are clearly written and support good governance to be exercised by ReLondon.

Scheme of Delegated Authority (SODA) – ReLondon operate a scheme of delegation to enable business to be transacted at all times and to cater for any urgent or emergency decision making to enable the Board’s activities to continue with minimal disruption and to minimise any financial impact.

Business Plan – The 2020 -2025 Business Plan was approved and issued in March 2020. ReLondon’s main expression of policy resides in their Business Plan which is produced and published every year before 31 March as required under their operating procedures. The Business Plan sets out an ambitious programme of activities consistent with the urgent need for climate action. ReLondon’s priority is to reduce London’s consumption based carbon dioxide emissions by focusing on reducing waste and increasing recycling.

Other Findings

-  Board agendas and minutes for the financial year 2020/21 were reviewed and found to be in order with good governance taking place.
-  Audit Committee agendas and minutes for the financial year 2020/21 were reviewed and found to be in order with good governance taking place.
-  The main accounting records operated by ReLondon are as follows: Xero Accounting - for all Finance systems; DEXT - for receipts and invoices for expenses and purchases; ApprovalMax - to raise and approve purchase orders and approve payment of invoices. All systems interfaced with Xero Accounting. These were all in order and working well.
-  Adequate budgetary arrangements are in place and budgetary and financial data is reported to each meeting of the Audit Committee.
-  There are no formal procedures as few debts are raised and debt collection is not a problem. There were however two old debts emanating from the Life 14 exercise as follows: Past Trash and Youth Goodyear, both for £250 and dated 30 January 2020 that were outstanding at the date of the audit. Further consideration was to be given to the collection of these debts and if deemed unrecoverable they would be written off.
-  The Board operate a small petty cash imprest of £100 to support the purchase of minor items that require a cash payment. There is a petty cash procedure to enable the cash float to be adequately controlled. Petty cash was in order.
-  The organisation uses a separate HR and Payroll system. The HR system (YouManage) is operated in-house by the Governance and Secretariat Officer. The HR system records employees' sickness, annual leave, and retains recruitment records, as well as all employment related documentation. The payroll is processed by IRIS.
-  One starter and one leaver in the year 2020/21 were reviewed and found to be in order.
-  Accounting Statements have been reconciled to the Cash Book.
-  Data feeding into the Accounting Statements was confirmed to be correct.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
FC	Financial Constraint	The process operates within the agreed financial budget for the year.	In place	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings



ReLondon hold adequate reserves to support the business in going forward.



Five year finance plans are prepared and published on a five yearly basis with additional budgets being prepared when deemed necessary by management.



The bank statements as at 31 March 2021 had been reconciled and were in balance.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	3 rd December 2020	4 th December 2020
Draft Report:	20 th April 2021	29 th April 2021
Final Report:	4 th May 2021	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	London Waste and Recycling Board		
Review:	Annual Governance and Accountability Return		
Type of Review:	Assurance	Audit Lead:	Chris Harris

Outline scope (per Annual Plan):		
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Financial constraint: The process operates with the agreed financial budget for the year.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	(if required then please provide brief detail)		
Exclusions from scope:			

Planned Start Date:	10/12/2020	Exit Meeting Date:	16/04/2021	Exit Meeting to be held with:	Adam Leibowitz and Eddie Confoy
----------------------------	------------	---------------------------	------------	--------------------------------------	---------------------------------

SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N

Annual Internal Audit Report 2020/21

London Waste and Recycling Board

ReLondon.gov.uk ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			✓
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			NOT APPLICABLE
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

31/03/2021 01/04/2021 06/04/2021

Name of person who carried out the internal audit

CHRISTOPHER R. HARRIS

Signature of person who carried out the internal audit

[Signature]

SIGNATURE REQUIRED

Date

29/04/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

ReLondon (formerly London Waste and Recycling Board (LWARB))

29 April 2021

Internal Audit 2020/21

Completion of the AGAR Internal Audit return for 2020/21

Row M – Box ticked “No”.

“The LWARB have indicated “No” against assertion 4 of the Annual Governance Statement 2020/21:

Assertion 4: We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.”

As the LWARB have indicated “No” against assertion 4 then to be consistent Box M of the Internal Audit declaration must also be “No”.

This will be corrected for 2021/22 and the audit review in 2021/22 will examine compliance with this requirement.

Signed

Christopher Harris

Internal Auditor

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

London Waste and Recycling Board
ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2021, that:

	Agreed		'Yes' means that this authority:	
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		✓	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>	
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ReLondon.gov.uk ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Annual Governance Statement 2020/21

We have indicated “No” against assertion 4 of the Annual Governance Statement 2020/21:

Assertion 4: We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations

In their Audit Report on the 2019/20 AGAR the external auditors noted:

“The smaller authority failed to approve the AGAR in time to publish it before 1 September 2020, the date required by the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, and did not disclose this by answering ‘No’ to Section 1, Box 1. The AGAR was originally approved under the written resolution procedure on 6 August 2020, however the decisions taken using these powers were not reported until a meeting on 1 October 2020.”

And

“We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as amended by SI 2020/404 the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 as it failed to make proper provision during the year 2020/21 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer ‘No’ to Assertion 4 of the Annual Governance Statement for 2020/21 and ensure that it makes proper provision for the exercise of public rights during 2021/22”

2019/20 was the first year that LWARB was classified as a smaller authority, and there was a misunderstanding on the requirements for approval of the AGAR since, when LWARB was classified a larger authority accounts had always been approved via the written resolution procedure. As noted by the Auditor, in 2019/20 the AGAR was approved by a written resolution on 6th August. However, this approval was deemed to have not met the requirements so the approval was not considered to be a formal one until it had been reported to a formal meeting of the Board which did not take place until 1st October. Approval of the AGAR did not therefore formally take place until after the 1st September deadline and therefore not in advance of the period for the exercise of public rights.

For 2020/21 a meeting of the Board will be held in June to approve the AGAR in advance the 30th June deadline of the start of the period for the exercise of public rights.