



Internal Audit

FINAL

## ReLondon

ReLondon is the operating name of the London Waste and Recycling Board (LWARB)

Assurance Review of Annual Governance and Accountability Return

2021/22

May 2022

# 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 a well-run organisation with good accounting practices.
- ReLondon, following their rebranding, have developed a new website that is easy to navigate and includes good access to the Boards governance arrangements.

**GOOD PRACTICE IDENTIFIED**

- Good corporate governance is practiced by the Board with appropriate Member involvement at both the Board and Audit Committee.
- ReLondon provides good transparency with clear and informative Board and Committee meeting agendas and minutes present on their website.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	0	0	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)
No recommendations were raised.							

PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
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## 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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

### Other Findings



The policies and procedures adopted by ReLondon include the following:

- Scheme of Delegated Authority (SODA) - the approved (25<sup>th</sup> February 2021) SODA enables ReLondon to transact business day to day and be able to react to any emergency or urgent matter arising.
- Risk Management Strategy - clearly sets out how ReLondon will identify and manage its key risks.
- Expenses Policy - clearly sets out and explains what expenses can be claimed primarily covering travel and subsistence.
- Procurement Procedures - these cover all aspects of how the Board may commit expenditure.

## Other Findings



The ReLondon website 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.

In addition, the Governance and Administration for the Board are easy to identify with the key corporate governance documents clearly identified.



The Board agendas and minutes are all posted on the Boards website. Up to the 25<sup>th</sup> November 2021. (Next meeting of the Board is scheduled for the 30<sup>th</sup> June 2022). The minutes of the meetings are clear and comprehensive and demonstrate good governance is being undertaken by the Board.



The Audit Committee agendas and minutes and all posted on the Boards website. Up to the 17<sup>th</sup> March 2022 (Next meeting of the Audit Committee is scheduled for the 16<sup>th</sup> June 2022). The minutes of the meetings are clear and comprehensive and demonstrate good governance is being undertaken by the Audit Committee.



The Board has a detailed risk management strategy which includes a matrix for scoring risks. The Audit Committee receive at each meeting the risk register for the Board. Risks are regularly reviewed and updated.



The Boards Business Plan (2020-2025) identifies the objectives for the Board. The key risks in the risk register identifies the impact the risk has upon achieving those objectives.



The main accounting system used by ReLondon is Xero Accounting. Other finance packages used interface with Xero. The accounting records for the Board all looked in order.



A trial balance was produced at 31<sup>st</sup> March 2022 for all accounting transactions. The trial balance was in balance.



An aged creditors record was produced at 31<sup>st</sup> March 2022. There was only one aged creditor older than nine months - this was Vodafone for £45.00.



The Board use ApprovalMax a software solution to raise and approve purchase orders and approve the payment of invoices. This was working well.



All payments for 2021/22 were scanned and sense checked to confirm payments were appropriate for ReLondon. These were all in order.












From the aged debtor listing as at the 31<sup>st</sup> March 2022 there are two old debts (older than nine months) as follows:

- Past Trash - £250
- Youth Goodyear - £250

These debts emanate from the Life 14 exercise and are dated 30<sup>th</sup> January 2020. These debts were outstanding at the 2020/21 internal audit. Consideration needs to be given to the collection of these debts but if deemed unrecoverable they should be written off. ReLondon have stated as the amounts are reasonably small they have decided to write them off fully in the 2021/22 accounts.

## Other Findings

-  All outstanding debts are reviewed annually and any old debts deemed unrecoverable would be considered for potential write 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. There was a closing balance as at the 31<sup>st</sup> March 2022 in the accounts of £27.83.
-  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.
-  The full list of employees' salaries for June 2021 was reviewed and found to be in order.
-  From bank statements it was confirmed that PAYE and NI payments had been made to HMRC
-  From bank statements it was confirmed that Pension payments had been made to Aviva.
-  ReLondon do not hold an asset register as the nature of their work does not require the ownership of assets other than IT equipment.
-  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	<b>Performance Monitoring</b> 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	<b>Financial Constraint</b> The process operates within the agreed financial budget for the year.	In place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

**Other Findings**

- Adequate budgetary arrangements are in place and budgetary and financial data is reported to each meeting of the Audit Committee.
- 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.
- Income mainly comes from GLA via bank transfer
- The bank statements as at 31<sup>st</sup> March 2022 had been reconciled and were in balance.
- The Board is operating within its approved budget for the 2021/22 financial year.
- Good practice is adopted by the Board to respond to business interruption events and to enhance the economic, effective and efficient delivery of its services.



## Scope and Limitations of the Review

- 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

- 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

- 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.

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

## Assurance Assessment

- The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Acknowledgement

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

## Release of Report

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

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	17 <sup>th</sup> December 2021	17 <sup>th</sup> March 2022
<b>Draft Report:</b>	23 <sup>rd</sup> May 2022	24 <sup>th</sup> May 2022
<b>Final Report:</b>	25 <sup>th</sup> May 2022	

# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	ReLondon		
<b>Review:</b>	Annual Governance and Accountability Return		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Chris Harris

<b>Outline scope (per Annual Plan):</b>	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.		
<b>Detailed scope will consider:</b>	<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>	
<b>Requested additions to scope:</b>	(if required then please provide brief detail)		
<b>Exclusions from scope:</b>			

<b>Planned Start Date:</b>	03/05/2022	<b>Exit Meeting Date:</b>	20/05/2022	<b>Exit Meeting to be held with:</b>	Adam Leibowitz and Jo Rogers
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
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 2021/22

London Waste and Recycling Board (T/A ReLondon)

<https://relondon.gov.uk/> PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2022, 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 2021/22 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 2020/21, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements			✓
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

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

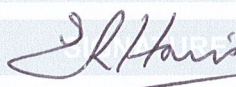
Date(s) internal audit undertaken

Name of person who carried out the internal audit

16/05/2022 17/05/2022 20/05/2022

Christopher R Harris INTERNAL AUDITOR

Signature of person who carried out the internal audit



Date

31/05/2022

\*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).

31 May 2022

SBA Team  
PKF Littlejohn LLP  
15 Westferry Circus  
London E14 4HD  
United Kingdom

Dear Sir

**RE: Annual Governance and Accountability Return 2021/22  
Internal Audit Report Row L (The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.)**

The London Waste and Recycling Board (T/A ReLondon) are not required to publish data in accordance with the Transparency Code as they are not a body identified by the Code.

Yours faithfully



Chris Harris  
Audit Director