

# Validera

London Waste & Recycling Board  
(T/A ReLondon)

Internal Audit Report

2023/24





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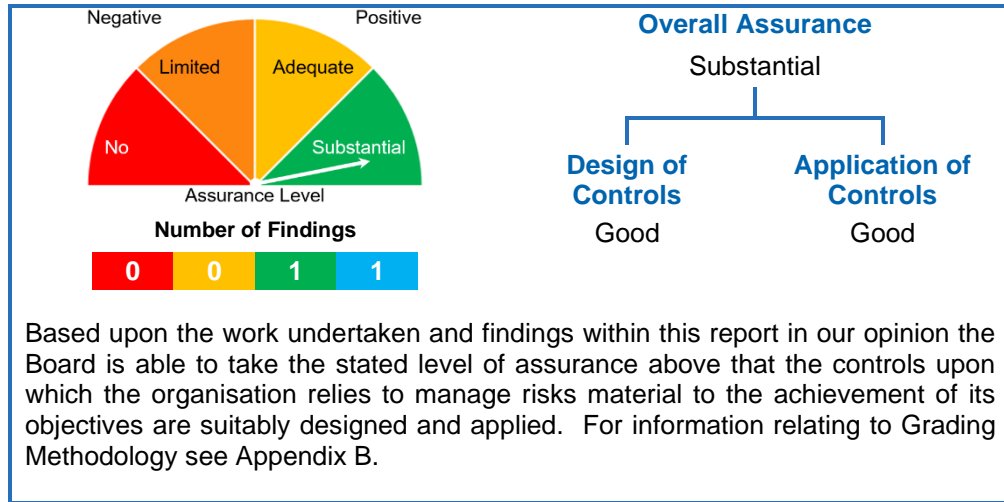
Table with 2 columns: Content Item, Page. Items include Audit Outcome (3), Executive Summary (4), Action Plan (5), Appendix A – Audit Brief (7), Appendix B – Grading Methodology & Information (9).

Version History

Table with 3 columns: Version, Issued, Description. Rows include DR v1.0 (17/05/2024) and FR v1.0 (20/05/2024).



# Audit Outcome



## Risk Management

As part of the review, we considered ReLondon’s risk management arrangements. There is a Risk Management Strategy and Risk Register in place. Entry 7 of the Risk Register however has been identified as having a residual risk beyond appetite. Further mitigating controls should be identified where residual risk is beyond appetite, with actions assigned to owners and target timeframes established within this register.

The review of the Risk Register is delegated by Board to Audit Committee which meets quarterly. The most recent November 2023 Audit Committee final minutes show the Committee reviewed the three top-level risks included in the Risk Register, making no amendments.

## Governance

The Board meets four times per annum; standing agenda items include a Chief Executive’s Report and Programme Update. The Board is supported by an Audit Committee which has met four times during the year 2023, following being inquorate in September and December of 2022. The Audit Committee considers the Finance Report, Risk Register and Audit Reports.

## Areas Relating to 5Es

When performing our work we are mindful of opportunities to improve upon Efficiency, Effectiveness, Economy, Equality and the Environmental impact (5Es) of the organisation.

One item within our purchase testing had not been market tested since 2019, therefore we would suggest that the organisation assures itself that it is still achieving Value for Money either through formal or informal market testing.

## Areas of Good Practice

We noted the following areas of good practice:

- ✓ Investments registers were complete, accurate and properly maintained.
- ✓ Compliance with process was generally considered high and accounting records suitably maintained.
- ✓ Budget holder pre-approval is now required for credit card spend over £500.
- ✓ Multiple step purchase order and invoice approvals are utilised to maintain segregation of duties.

## Areas for Improvement

We noted the following areas for improvement:

- ✗ An entry within the Risk Register has been identified as having a residual risk beyond appetite, however further mitigating controls have not been identified.

## Executive Summary

London Waste & Recycling Board's (T/A ReLondon) internal audit has been completed in accordance with the requirements of the audit regime and this report constitutes the Annual Report by the Internal Auditor for the financial year ended 31 March 2024.

The review was scoped to meet the requirements of Form 3 of the Annual Governance & Accountability Return; the scope of our work is detailed at Appendix A.

The internal audit process is an integral part of the organisation's new reduced audit regime which concerns itself with the principles of good governance, accountability, and transparency. These are set out and considered in detail in the NALC publication entitled Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide ("the Guide").

The Annual Governance and Accountability Return for 2024 and supporting documents were evidenced.

We sought to ensure that the authority's financial practises throughout 2023/24 were consistent with the provided April 2023 Financial Procedures, along with the current December 2022 Scheme of Delegation.

All 20 sampled transactions taken from the Purchase Ledger report had suitably approved Purchase Orders in place. Seven of these purchases which required quotations or a tender process to be followed had evidence of such in place. Quotations for one sampled purchase however has not been updated since the tender was completed back in 2019.

Finance provided all 12 months of credit card statements from 2023/24. The Director of Operations and Governance completes monthly approvals of the spend. 12 individual purchases on cards were sampled across these months, all 12 purchases had suitable invoices / receipts evidence and three (of three) purchases which required budget holder pre-approval had obtained this.

All ten sampled sales selected from the Sales Ledger report had suitable invoices and evidence of funds received maintained. VAT returns were also evidenced for 2023/24.

Nine sampled staff members' months' pay suitably reflected their contracts, and had suitable PAYE and NI deductions. There were five new starters during 2023/24, all had suitable Service Agreements evidenced and had been suitably set up on payroll.

Investment certificates for 2023-24 have been evidenced. ReLondon did not buy any new fixed assets, due to being a circular economy driving company, all equipment is repaired. Therefore, similar to 2023 an update to Fixed Assets was not required.

Monthly bank account reconciliations were carried out during the year and signed by the Finance Admin Executive and Financial Controller.

The April 2024 Bank Mandate evidenced is reflective of the members stated on the ReLondon website.

ReLondon has published onto its website member responsibilities, Board and Committee meeting minutes, a register of interests, the 2022/23 Annual Governance & Accountability Return, and annual governance and accounting statements.

The Risk Management Strategy and latest Risk Register from February 2024 has been evidenced. Following the 2022/2023 AGAR audit the Risk Register now includes inherent risk ratings. Entry 7 of the Risk Register has been identified however as having a residual risk rating beyond appetite. Further mitigating controls should be identified where residual risk is beyond appetite, with actions assigned to owners and target timeframes established within the Register. If it is deemed that the organisation cannot mitigate this risk any further, the entry's appetite should be reassessed and approved.

You may take comfort that your organisation operates a system of internal controls which is in our opinion adequate and effective, given the resources available to it, and adheres to the Guide and other accounting and control principles for the financial year 2023/24.

For each area of the scope, we sought suitable evidence from management to demonstrate the application of the control to assess whether it was suitably operated, and sampling testing was performed where appropriate.

# Action Plan

## 1. Risk Management

Finding(s)	Rationale	Action(s)
Entry 7 of the Risk Register has been identified as having a residual risk beyond appetite.	Design of Control.  <b>Risk(s)</b>  The organisation fails to take additional actions to manage risk within Appetite.	Further mitigating controls should be identified where residual risk is beyond appetite, with actions assigned to owners and target timeframes established.  If it is deemed that the organisation cannot mitigate this risk any further, the entry's risk appetite should be reassessed and approved/level of risk accepted.




## Management Response

Accepted	Comment
Yes  <b>Responsible Officer</b>  Jo Rogers, Director of Operations and Governance  <b>Target Date</b>  December 2024	We will raise this action with the Audit Committee in order for them to accept it. We will continue to think about the ways in which we can work with London's waste authorities to provide support within ReLondon's resources.

*The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.*

**2. Quotations / Tenders**

<b>Finding(s)</b>	<b>Rationale</b>	<b>Action(s)</b>
Quotations for one sampled purchase have not been updated since the tender was completed in 2019.	Value for Money.	 <p>Consider formal or informal market testing of purchases to ensure that Value for Money is still reasonably being obtained.</p> <p>We would suggest no less frequent than every 5 years.</p>

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*The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.*

# Appendix A – Audit Brief

## Management Objective:

ReLondon is classified as a smaller authority under the Local Audit and Accountability Act (2014) and is required to prepare an Annual Governance & Accountability Return which considers controls in respect of Finance, Operational Control and Governance, and Risk Management.

## Audit Focus:

The review is driven by the requirements of the Annual Governance & Accountability Return, the internal audit requirements are established by the Annual Internal Audit Report (Form) and guidance issued by the National Association of Local Councils (NALC) Joint Panel on Accountability and Governance Practitioners Guide (“the Guide”).

## Risk:

1. Failure to comply with the requirements of the Local Audit & Accountability Act (2014) and meet external stakeholder expectations leaves the organisation, its board and senior management open to financial and non-financial risk.

The applicable Internal Control Objectives (A-O) are specified within the Annual Governance and Accountability Return Form 3 for Local Councils, Internal Drainage Boards and other Smaller Authorities.

## Internal Control Objective:

- 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 2022/23, it met the exemption criteria and correctly declared itself exempt (*If the authority had a limited assurance review of its 2022/23 AGAR tick “not covered”*).
- L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.
- M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set*).
- N. The authority has complied with the publication requirements for 2022/23 AGAR (*see AGAR Page 1 Guidance Notes*).
- O. (*For local councils only*) Trust funds (including charitable) – The council met its responsibilities as a trustee.



**Limitations to Scope:**

Our opinion will be derived based upon the results of our testing methodology to meet the expectations of the requirements above. We will utilise and interpret the latest published NALC Guidance to guide our work where appropriate and fulfil their expectations in relation to internal audit and certification. Testing will be undertaken to provide reasonable assurance that the specified internal control objectives are achieved. Audit testing is not intended to, and will not be sufficient to, provide an opinion on the accuracy and validity of ReLondon's data in its entirety. The work conducted does not constitute assurance that any data, claim or return submitted by ReLondon is accurate and correct; any such returns are prepared by and remain the responsibility of ReLondon. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.



# Appendix B – Grading Methodology & Information

## KEY FOR RECOMMENDATION PRIORITY RATINGS



The organisation may be subject to levels of fundamental risk where immediate action should be taken. In the organisation's risk framework, this approximates to the Impact Risk Grading – 5/4.



Attention to be given to resolving the position as the organisation may be subject to significant risks. In the organisation's risk framework, this approximates to the Impact Risk Grading – 3/2.

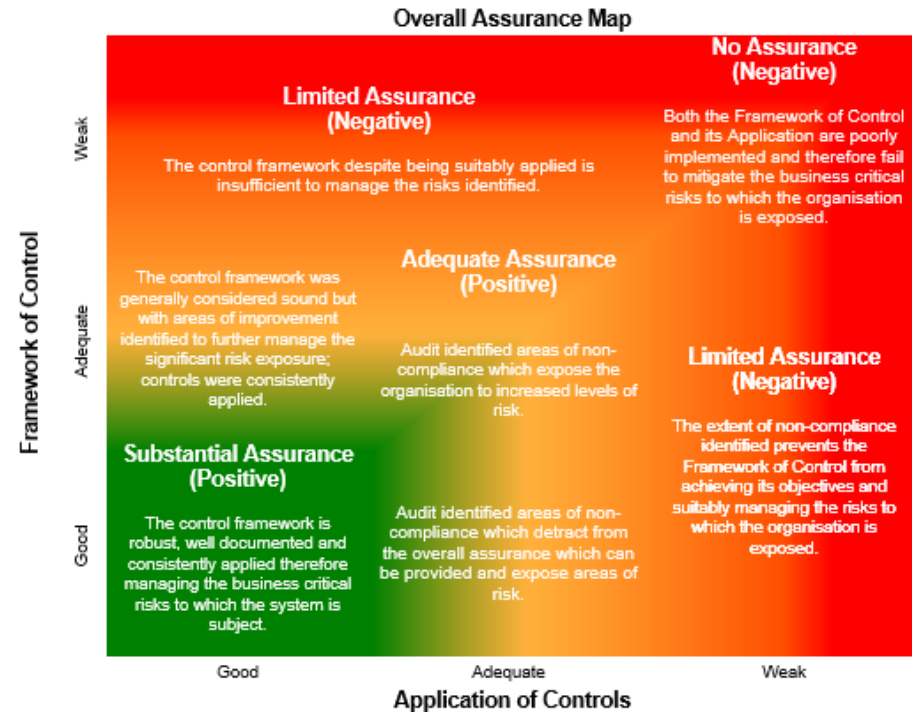


Desirable improvements to enhance value, the control, risk management or governance frameworks or strengthen their effectiveness. Minimal adverse impact on the achievement of objectives. In the organisation's risk framework, this approximates to the Impact Risk – 1.



These suggestions are of a good practice nature and do not represent any immediate risk to the organisation but may help it ensure that it remains effective and meets with external stakeholder expectations in the future.

## KEY FOR OVERALL ASSURANCE RATINGS



## IMPORTANT

The explanations provided are intended as a general guide; at all times, professional judgement is applied in the grading of individual recommendations and the overall assurance provided as a result of our audit work.

Should you have any queries over our general methodology or the grading of any specific recommendations or assignments please contact your Validera client management team who will be happy to explain further.

## INFORMATION

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