



Dorset Waste Partnership Joint Committee

Date of Meeting	16 January 2017
Officer	Assistant Director, South West Audit Partnership (SWAP)
Subject of Report	Internal Audit Progress Report – January 2017
Executive Summary	<p>For the 2016/17 financial year, it has been agreed that Internal Audit will report to the Joint Committee twice a year, providing an update on progress and any significant findings of audit work. This is the second of these reports.</p> <p>We have recently completed two pieces of audit work for DWP:</p> <p>(i) Strategic Waste Facility – Client Advice & Position Statement (ii) Budget Management – Fieldwork completed</p> <p>The details and findings of these two reviews are contained in the following report.</p> <p>We have also used this report to set out our proposed Internal Audit work programme for the 2017/18 year. This consists of four reviews as follows:</p> <p>(i) Agency Staff – Quarter 2 (ii) Budget Management – Quarter 3 (iii) Vehicle Maintenance –Quarter 4 (iv) Client Advice – Quarters 1-4</p>
Impact Assessment:	<p>Equalities Impact Assessment: This report contains no new proposals and has no equalities implications.</p>
	<p>Use of Evidence: This report is based upon our recent audit findings and discussions with the DWP Director and Finance and Commercial Manager with regards to the 2017/18 Internal Audit work programme.</p>

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	<p>Budget: This report has no budget implications.</p>
	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: LOW Residual Risk: LOW</p>
	<p>Other Implications: No other implications have been identified.</p>
Recommendation	<p>The DWP Joint Committee is asked to:</p> <ol style="list-style-type: none"> 1. Note the internal audit progress and update on reviews 2. Note the planned internal audit activity for the 2017/18 financial year
Reason for Recommendation	<p>The Joint Committee along with the Senior Management Team (SMT) have oversight of the Partnership's performance, budget and governance. As part of this, SMT and Joint Committee will want to ensure that there is a robust system of internal control within DWP. Internal Audit provides an independent and objective opinion on the control environment by evaluating its effectiveness.</p>
Appendices	<p>None</p>
Background Papers	<p>Monitoring the Implementation of the Action Plan – June 2015</p>
Report Originator and Contact	<p>Name: Rupert Bamberger Tel: 07720 312464 Email: rupert.bamberger@southwestaudit.co.uk</p>

1. Background

- 1.1 The Internal Audit service for Dorset County Council is provided by the South West Audit Partnership (SWAP). As part of this service, an allocation of days is set aside to provide internal audit services to the Dorset Waste Partnership (DWP). Internal Audit provides an independent and objective opinion on the control environment by evaluating its effectiveness. SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the partnership is guided by the Internal Audit Charter which is reviewed annually.
- 1.2 For 2016/17, it has been agreed that Internal Audit will report to the Joint Committee twice a year, providing an update on progress and any significant findings of audit work. This is the second of these reports.

2. Progress Update

Strategic Waste Facility Review

- 2.1 As part of the DWP Internal Audit plan for 2016/17, SWAP agreed to review the Strategic Waste Facility project. Whilst we were unable to report on the status of the project prior to a decision being taken in June, we provided initial advice on the decision-making process to the DWP Finance and Commercial Manager in May 2016.

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- 2.2 Following the DWP Joint Committee decision in June, we then produced a retrospective position statement on the decision-making process. This was to provide assurance that the process followed was adequate, decision-making was informed by appropriate advice, risk was adequately considered, and any assumptions made were reasonable
- 2.3 Based on our assessment of the Strategic Waste Facility decision, we could provide reasonable assurance that the decision-making process was robust; informed by appropriate advice and assumptions, with due consideration given to risk. In our opinion, the conclusion reached in relation to Strategic Waste Facility was based on the premise that, given the number of variables and differing projections, the future financial benefits were split between positive or negative scenarios compared to the current arrangement, depending on the assumptions made.
- 2.4 Given the uncertainty of these variables, especially over the lifetime of the proposed contract (20 years), a risk-informed decision was taken not to proceed. Therefore, whilst we are unable to comment on the strategic nature of the decision, we can provide assurance that a reasonable decision-making process was followed in relation to the Strategic Waste Facility, with appropriate information prepared and presented to the DWP Joint Committee.

Budget Management Review

- 2.5 SWAP have also recently completed our Budget Management review at DWP. Whilst the fieldwork has been completed, a report has yet to be issued. However, based on our findings to date, there are no significant areas of concern. A verbal update on this review can be provided at the January Joint Committee meeting.

DWP Benchmarking

- 2.6 As part of our 2016/17 work plan, we were planning to undertake a review of Vehicle Maintenance in Q3/4. However, in agreement with the DWP Director and Finance and Commercial Manager it has been agreed that a review in this area would not add sufficient value at this time. This review has therefore been included in our 2017/18 work plan, once management actions in this area have had chance to be implemented and embedded. Instead, SWAP plan to undertake a benchmarking piece of work in Q4 that will attempt to compare sickness levels/ figures against similar organisations.

3. Internal Audit 2017/18 Proposed Work Programme

- 3.1 In conjunction with the DWP Senior Management Team, SWAP have put together a proposed work programme for the 2017/18 year. This consists of 60 audit days split across four areas of work. These are as follows:
- (i) **Agency Staff** – A review of the arrangements for agency staff within the Partnership, including training, health & safety, timesheets, and consistency of process across locations (20 days). This review is expected to be carried out in Quarter 2.
 - (ii) **Budget Management** – A review of budget management across the Partnership to ensure that robust arrangements are sustained and have become embedded within the organisation (15 days). This review is expected to be carried out in Quarter 3.
 - (iii) **Vehicle Maintenance** – A review of key risks relating to vehicle maintenance procedures across the Partnership (20 days). This review is expected to be carried out in Quarter 4.
 - (iv) **Client Advice** – Advice throughout the year on emerging issues or risks (5 days). This will be carried out throughout the year as required.

Rupert Bamberger
Assistant Director - SWAP
December 2016